



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS
LEGISLATION COMMITTEE

Estimates

WEDNESDAY, 25 MAY 2011

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE
ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

Wednesday, 25 May 2011

Senators in attendance: Senators Abetz, Birmingham, Boswell, Bob Brown, Cameron, Cash, Fisher, Hanson-Young, Heffernan, Humphries, Joyce, Ludlam, Macdonald, McEwen, Ryan, Siewert, Troeth, Wortley and Xenophon.

SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND COMMUNITIES

In Attendance

Senator Conroy, Minister for Communications, Broadband and the Digital Economy

Senator Farrell, Parliamentary Secretary for Sustainability and Urban Water

Department of Sustainability, Environment, Water, Population and Communities

Executive

Dr Paul Grimes, Acting Secretary

Ms Kimberley Dripps, Deputy Secretary

Dr David Parker, Deputy Secretary

Mr Malcolm Thompson, Deputy Secretary

Approvals and Wildlife Division

Ms Mary Colreavy, Acting First Assistant Secretary

Mr Peter Burnett, First Assistant Secretary

Ms Deb Callister, Acting Assistant Secretary, Wildlife Branch

Ms Vicki Middleton, Assistant Secretary, EPBC Taskforce Review Branch

Ms Carolyn Cameron, Assistant Secretary, Strategic Approaches and Species Management Branch

Dr Kathryn Collins, Assistant Secretary, Business Systems and Governance Branch

Ms Michelle Wicks, Assistant Secretary, Environment Assessments Branch 3

Ms Barbara Jones, Assistant Secretary, Environment Assessments Branch 1

Mr James Barker, Acting Assistant Secretary, Environment Assessments Branch 2

Ms Rose Webb, Assistant Secretary, Compliance and Enforcement Branch

Australian Antarctic Division

Mr John Gunn, Chief Scientist

Ms Lyn Maddock, Director

Dr Rob Wooding, General Manager, Support Centre

Mr Matthew Sutton, Finance Manager

Australian Government Land and Coasts

Mr Mark Flanigan, First Assistant Secretary

Dr Charlie Zammit, Assistant Secretary, Biodiversity and Conservation Branch

Ms Fiona Fraser, Director, Indigenous Programs South East, Indigenous Policy Branch

Dr Paul Salmond, Assistant Secretary, Policy and People Branch

Ms Claire Howlett, Assistant Secretary, Finance and Aquatics Branch

Business Improvement Division

Ms Catherine Skippington, First Assistant Secretary

Mr Aaron Hughes, Assistant Secretary, Governance Branch

Corporate Strategies Division

Mr Arthur Diakos, First Assistant Secretary

Environment Quality Division

Dr Diana Wright, First Assistant Secretary

Heritage Division

Dr Greg Terrill, Acting First Assistant Secretary

Mr Theo Hooy, Assistant Secretary

Mr Paul Murphy, Assistant Secretary

Mr Mark Nizette, Acting Assistant Secretary

Housing Supply and Affordability Division

Mr Sean Sullivan, First Assistant Secretary

Ms Susan Finnigan, Assistant Secretary, National Rental Affordability Scheme Branch

Ms Mary Wiley-Smith, Assistant Secretary, Housing Supply and Affordability Branch

Information Management Division

Alex Rankin, First Assistant Secretary

Mr Geoff Richardson, Assistant Secretary, Environment Research and Information Branch

Mr Al Blake, Chief Information Officer

Marine Division

Mr Stephen Oxley, First Assistant Secretary

Ms Donna Petrachenko, First Assistant Secretary

Ms Lara Musgrave, Assistant Secretary, Tropical Marine Conservation Branch

Ms Christine Schweizer, Assistant Secretary, Marine Initiatives Branch

Mr Charlton Clark, Assistant Secretary, Temperate Marine Conservation Branch

Mr Nigel Routh, Assistant Secretary, Marine Biodiversity Policy Branch

Parks Australia Division

Mr Peter Cochrane, Director of National Parks

Policy and Communications Division

Mr Andrew McNee, Acting First Assistant Secretary

Ms Rachel Parry, Assistant Secretary, Communications and Ministerial Services Branch

Mr Anthony McGregor, Acting Assistant Secretary, Strategic Advice Branch

Supervising Scientist Division

Mr Alan Hughes, Supervising Scientist

Sustainable Population Taskforce

Mr Sean Sullivan, First Assistant Secretary

Mr James Tregurtha, Acting Assistant Secretary

Water Efficiency Division

Ms Mary Harwood, First Assistant Secretary

Mr Colin Mues, Assistant Secretary, Water Recovery Branch

Mr Richard McLoughlin, Assistant Secretary, Irrigation Efficiency Northern Branch

Ms Suzy Nethercott-Watson, Assistant Secretary, Irrigation Efficiency Southern Branch

Mr Nick Rayns, Assistant Secretary, Basin Communities and On-Farm Branch

Water Governance Division

Mr Ian Robinson, First Assistant Secretary

Ms Gayle Milnes, Assistant Secretary, Environmental Water Branch

Mr Steve Costello, Assistant Secretary, Urban Water Security Branch

Mr Mark Kwiatkowski, Assistant Secretary, Project Management and Governance Branch

Water Reform Division

Mr Tony Slatyer, First Assistant Secretary

Ms Kerry Smith, Assistant Secretary, Water Policy Branch

Mr Aidan Daghiesh, Assistant Secretary, National Water Market Systems Branch

Ms Tanja Cvijanovic, Assistant Secretary, Aquatic Systems Health Branch

Mr Tim Fisher, Acting Assistant Secretary, Water Resources Branch

Bureau of Meteorology

Dr Neville Smith, Acting Director of Meteorology

Mr Mike Bergin, Acting Deputy Director, Corporate

Dr Rob Vertessy, Deputy Director, Climate and Water

Dr Ray Canterford, Deputy Director, Services

Mr Trevor Plowman, Assistant Director, Finance and Budgets

Great Barrier Reef Marine Park Authority

Dr Russell Reichelt, Chairman

Mr Bruce Elliot, General Manager, Corporate Services

Ms Margaret Johnson, General Manager, Communication and Policy Coordination

Mr Peter McGinnity, General Manager, Environment and Sustainability

Mr Jon Day, Acting General Manager, Marine Park Management

Murray Darling Basin Authority

Mr Rob Freeman, Chief Executive

Dr Fraser MacLeod, Executive Director, Basin Plan

Ms Jody Swirepik, Executive Director, Natural Resource Management

Mr Frank Nicholas, Executive Director, Corporate Services

Mr David Dreverman, Executive Director, River Murray

National Water Commission

Mr James Cameron, Acting Chief Executive Officer

Ms Kerry Olsson, Acting Deputy Chief Executive Officer

Mr Matt Kendall, General Manager, Sustainable Water Management Group

Sydney Harbour Federation Trust

Mr Geoff Bailey, Executive Director

Threatened Species Scientific Committee

Dr Rosemary Purdie, Member

Committee met at 09:00

CHAIR (Senator Cameron): I declare open this public hearing of the Senate Environment and Communications Legislation Committee. Today the committee continues its examination of the Sustainability, Environment, Water, Population and Communities portfolio. The committee must report to the Senate on 21 June 2011, and it has set Friday, 8 July 2011 as the date by which answers to questions on notice are to be returned.

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

The extract read as follows—

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
 - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.
 - (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

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

Department of Sustainability, Environment, Water, Population and Communities

[09:01]

CHAIR: I welcome Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Sustainability, Environment, Water, Population and Communities, and portfolio officers. We now turn to program 5.1, Conservation of Australia's heritage, and invite questions.

Senator CASH: If I could just turn to the GVEHO website, the Australian government's grants to voluntary environment and heritage organisations, would you be kind enough to tell me what the guidelines are surrounding an organisation actually receiving a grant from the government?

Dr Grimes: We do not have the officers who handle that program here just at the moment. But we could arrange to have them come up at short notice if required.

Senator CASH: Were they expected to be here this morning for this program?

Dr Grimes: No. Not under this outcome.

Senator CASH: So where would these questions be more appropriately directed?

Dr Grimes: The function sits under our general corporate function, which we took questions on yesterday. We do have one officer here who may be able to provide some assistance to you. But if your questions are very detailed we may have to take them on notice.

Senator CASH: If that officer is here now and is able to come forward, that would be appreciated.

Dr Grimes: Ms Parry may be able to provide you with some assistance.

Senator CASH: Thank you, Ms Parry. My question is in relation to the grants to voluntary environment and heritage organisations. What are the guidelines surrounding how an organisation is able to obtain a grant?

Ms Parry: Organisations can apply under the guidelines. The guidelines were originally issued in 2008-09. The guidelines are available on our website. Funding is available to some organisations over a three-year period and with other organisations it is available over a 12-month period.

Senator CASH: Are there any ineligibility criteria for environment and heritage organisations within those guidelines?

Ms Parry: By default, I suppose. There are eligibility criteria that they have to meet, and if you do not meet them—

Senator Conroy: Then you would not be eligible.

Senator CASH: There does seem to be a section within the government guidelines that is actually entitled 'Ineligibility criteria for environment and heritage organisations'.

Ms Parry: I would have to take that on notice, Senator.

Senator CASH: The guidelines are entitled, *The Australian Government Offers Grants to Voluntary Environment and Heritage Organisations: The Guide 2008-09*.

Ms Parry: Yes.

Senator CASH: Okay. Well, there appears to be a section on page 8, of 21, that actually refers to ineligibility criteria for environment and heritage organisations. One of the ineligibility criteria, No. 6, is 'organisations whose principal purpose and/or activity is political advocacy'. Are you aware of that ineligibility criterion?

Ms Parry: I am aware of the guidelines. I am not conversant with each one of them.

Senator CASH: In relation to that particular ineligibility criterion, is it appropriate that government grants go to organisations that run political campaigns?

Ms Parry: The grants to voluntary environment and heritage organisations cover administrative costs to organisations. So they cover things like photocopy paper and administrative costs that would not be covered under other grants programs.

Senator CASH: But, in terms of the eligibility criteria, if an organisation's principal purpose and/or activity is political advocacy, would it be appropriate for the government to grant them funding under this particular guideline?

Ms Parry: My answer to that, Senator, would be that, if organisations meet the criteria as established within the GVEHO program, they would receive a grant. If they do not meet those guidelines, then they would not.

Senator CASH: So logically, if an organisation falls within one of the eight ineligibility criteria, they would be ineligible? They are your guidelines.

Dr Grimes: I think part of your question goes to assessment under the full guidelines as a whole. It may be a little difficult for the officer to answer questions in the abstract, in the very general, as you are putting them at the moment, which is really speculating on a particular case.

Senator CASH: I am happy to be more specific and take you to two examples if that assists you.

Dr Grimes: If there is an example that we are able to assist you with we will; otherwise we may have to take the question on notice, I am afraid.

Senator CASH: No, that is fine. Given the ineligibility criteria as outlined in the government's guide, would you consider an organisation to be running a political campaign if it put on the top of its website a banner that read, 'Not happy Ted! Where's your plan?' referring to Ted Baillieu?

Ms Parry: I would just like to emphasise that the eligibility to receive grants under the GVEHO program is to cover administrative costs.

Senator CASH: Yes, I understand what it actually covers. I am talking about whether or not an organisation is actually entitled to receive a grant based on the ineligibility criteria as set out in the guide. As I have been through, one of the ineligibility criteria is organisations whose principal purpose and/or activity is political advocacy. My question is in relation to an organisation that put on the top of a website a banner which read, 'Not happy Ted! Where's your plan?' I can show it to you—

Dr Grimes: I understand the question that you are asking—

Senator Conroy: Do you define that as political advocacy?

Senator CASH: What would you define it as, Minister? 'Not happy Ted! Where's your plan?' with a picture of Ted Baillieu—

Senator Conroy: Probably justified accuracy!

Senator CASH: We are talking about the expenditure of taxpayers' money by organisations that may be ineligible to receive government grants, that have received government grants and then, on their websites, actually engaged in political advocacy.

Senator Conroy: Community activity and political advocacy can be a fine line.

Senator CASH: It can be a very fine line. However the guidelines are quite specific in relation to that. There is a specific section that refers to ineligibility as opposed to eligibility. So clearly when the government were drafting these guidelines they had a very clear idea about the types of organisations, or the activities the organisations engage in, that they would consider inappropriate to receive funding. One of those is when an organisation's primary purpose is political advocacy.

Dr Grimes: I think the very specific question that you have asked we will have to take on notice.

Senator CASH: How could you possibly have to take on notice—

Dr Grimes: Senator, if I could complete—

Senator Conroy: Because the officer is not here.

CHAIR: Senator Cash, you have not been to this committee very much, but we actually do allow the witnesses to respond.

Senator CASH: Senator Cameron, I have been on other committees with you.

CHAIR: If you would allow the witnesses to respond.

Senator CASH: Well, you are over there!

CHAIR: I told you that I am chairing it and it is the new me!

Senator CASH: I will remember that next week in the employment and workplace relations estimates committee.

CHAIR: Only while I am in the chair!

Senator CASH: The real you!

Dr Grimes: If I can just complete my answer, it is a long established program and it does fund a large number of organisations. It would not be surprising to find that organisations that are funded have a diversity of views. You have asked us a very specific question about eligibility, presumably of a particular organisation under the grants.

Senator CASH: I do.

Dr Grimes: As you would understand, Senator, it may be inappropriate for me to be answering that question at the moment in the absence of having the appropriate officers fully consider the circumstances of that case.

Senator CASH: Would you consider the putting out of a press release criticising the Baillieu government's climate change agenda as political activity? Is that something that the government or the department would define as political activity?

Senator Conroy: We would have to see it.

Senator CASH: Minister, is that something that the government would define as political activity?

Senator Conroy: I would not want to suggest that you would be putting words into my mouth on the words of the website—

Senator CASH: No, that is why I am asking the question.

Senator Conroy: so I probably need to take it away and consider it. I think Dr Grimes has offered to take this issue on notice for you, and I am sure we can come back to you with some further information.

Senator CASH: Minister, would it be of concern to your department or to you if the department was paying for the staff, stationery, computer equipment and travel of organisations that engaged in this sort of political activity—given that it is contrary to the guidelines?

Senator Conroy: That is your assertion, but we have said that we will take it on notice. We expect everyone to comply with guidelines that are set out under the Commonwealth. But we will happily take it on notice, as Dr Grimes has offered to you.

Senator CASH: In the event that they do not comply, what are the sanctions?

Senator Conroy: Now you are asking a hypothetical.

Senator CASH: No, I am not. That is not a hypothetical question. In the event that an organisation does not comply with government guidelines, are there sanctions that are able to be applied?

Senator CONROY: They give the money back.

Dr Grimes: That would be a question of whether there are any sanctions applied under the guidelines. I am not sure—

Senator Conroy: We can take that on notice.

Senator CASH: If the government give them money—

CHAIR: Calm down and allow the witnesses to answer.

Senator Conroy: The officers at the table are not the officers who deal with the complete program, as was indicated to you.

Senator CASH: Minister, I will ask you then. If an organisation receives money from your government, are there sanctions that can be applied in the event that it is later found out that the organisation was actually ineligible?

Senator Conroy: As you know, I am representing the minister, so I am not familiar with all of the guidelines. But we have said that we will take it on notice and come back to you.

Senator CASH: Are you aware of a report from Asher Judah from the IPA which revealed that money from this department had gone to organisations—

Senator Conroy: That would be a political advocacy group, wouldn't it—the IPA?

Senator CASH: engaged in this type of political activity?

Senator Conroy: They are a political advocacy group, aren't they?

Senator CASH: Are you aware of the report? The good news about estimates, Minister, is that we get to ask the questions.

Senator Conroy: No, I cannot remember the last time I read an IPA report, because it is a political advocacy group on behalf of your party.

Senator CASH: Can I just confirm that, under this government grants program, \$142,000 of taxpayer's money allocated by your department went straight to Environment Victoria, which are now running on their website political statements: 'Not happy, Ted! Where's your plan?' Is that appropriate? This department is paying for it.

CHAIR: Senator Cash, this is getting quite repetitious. The minister and the secretary of the department have answered this question on numerous occasions. They have told you that they will take it on notice. I do not know what more you can achieve other than wasting the time of the committee. If you want to do that, that is fine, but you are taking time from your colleagues.

Senator FISHER: Well, we are happy.

Senator CASH: If I could now go to the so-called Friends of the Earth website, they received a grant from the department for \$10,000. They are now running on their website the banner 'The People's Blockade. Tara, Queensland. Lock the Gate.' So is the government satisfied that its \$10,000 is being well spent, given the ineligibility criteria surrounding these grants?

Senator Conroy: We will happily take that on notice and consider the information that you have provided, Senator Cash.

Senator CASH: Is it correct that the government grants to voluntary environment and heritage organisations program is actually under review?

Ms Parry: Yes. We are having a look at the program. It is under review. We are having a look at the eligibility guidelines to make sure that it still reflects the breadth of the current portfolio.

Senator CASH: So it is under review. In 2008-09 and in 2007-08, \$87,000 was granted to Environment Victoria, \$10,000 to Friends of the Earth and \$55,000 to Environment Victoria. Who was the relevant minister at the time?

Ms Parry: In 2007-08?

Senator CASH: In 2008-09.

Dr Grimes: In 2008-09 it was Mr Garrett.

Senator CASH: It was Mr Garrett, was it? Mr Garrett was in charge of this department during that time. What are the actual terms of the review into this grants program?

Ms Parry: It is not an external review; it is an internal review.

Senator CASH: Oh, it is an internal review!

Ms Parry: That is right.

Senator CASH: What are the actual terms of the review?

Ms Parry: It is not a formal review. Again, it is just looking at the eligibility criteria as they now stand. It is looking at the breadth of the current portfolio responsibilities to ensure that the grants program would continue to be able to be eligible for organisations that are within the breadth of the portfolio.

Senator CASH: So currently there is no money being granted under this program?

Ms Parry: There is for the 2010-11 financial year.

Senator CASH: But going forward that is up for review?

Ms Parry: It is currently being considered.

Senator CASH: Who is actually conducting the review?

Ms Parry: Me and directors within my team.

Senator CASH: Who instructed you to commence the review?

Ms Parry: The review commenced earlier in 2010 and it was just part of a continuous improvement effort.

Senator CASH: Was the review commenced when Minister Garrett was in charge of this department or when Mr Burke was in charge of this department?

Ms Parry: I would have to take that on notice, just to confirm dates.

Senator CASH: Okay. When did Minister Burke become responsible for this department?

Dr Grimes: September last year.

Senator CASH: Sorry, when did you say the review commenced? When were you are instructed to commence the review?

Ms Parry: It was not an instruction. It is just something where we were looking at the program. As I say, it is an internal review. But I would need to go back and confirm dates and answers to when that began.

Senator CASH: What was approximately the month—did you say it was October 2010?

Ms Parry: I did not. I said that it was in 2010.

Senator CASH: Okay. Would it be fair to say that when Minister Burke came into your department, he was so appalled by the potential rotting that was going on under the former minister that he has had to commission an internal review?

Senator Conroy: I am sorry, Senator Cash; you are now asking an opinion of the officer.

Senator CASH: Then, Minister, I will ask you.

Senator Conroy: I have no knowledge of your stream of consciousness. But, if there is anything in there at all that Minister Burke would like to comment on, I will take it on notice and get back to you.

Senator CASH: Why has the review taken so long, given that it commenced some time in 2010 and we are now almost looking at commencing a new financial year? Why is this review taking so long?

Ms Parry: We were just looking at a number of the guidelines. We were doing some internal consultation and we were preparing ourselves for the new financial year.

Senator CASH: Are the findings of the review going to be made public?

Ms Parry: As I say, it is not a formal review in terms of having terms of reference. It is more just reviewing the eligibility criteria and making sure that it is reflective of the breadth of the portfolio.

Senator CASH: Have any concerns been raised with you internally or externally about the eligibility criteria?

Ms Parry: Not to my knowledge.

Senator CASH: Have any concerns being raised with you regarding organisations whose principal purpose and/or activity is political advocacy actually receiving grants from this government under this particular program?

Ms Parry: I would have to take that on notice. If you are looking for any specific correspondence or emails that have been sent to us raising that concern, then to my knowledge, no. But I would need to take that on notice if you would like us to go back and look at something specific.

Senator CASH: Thank you very much. Again, even though it is an internal review, are you looking at drafting new eligibility criteria?

Senator Conroy: I think that you will find that the minister announces any decision after a review is complete—if there is a decision.

Senator CASH: Seeing as what we are allegedly looking into is the eligibility criteria and part of the review is to actually draft new eligibility criteria, I would merely like to explore that.

Senator Conroy: I am sure that the review is all encompassing, and if there are any decisions made that the minister needs to announce, we will probably not give the scoop here but wait for the minister to make the announcement.

Senator CASH: It is hardly a scoop if you are actually correcting something that is actually wrong at this point in time, or has potentially been abused.

Senator Conroy: Those are your opinions, not facts.

Senator CASH: My question is merely whether you are looking at drafting, as part of the scope of the review, new eligibility criteria?

Senator Conroy: If the minister has anything he would like to add to—

Senator CASH: I am not asking whether or not the minister wants to add anything. Ms Parry is allegedly conducting this review. She is the person—

Senator Conroy: She is not 'allegedly'; she said that she is conducting a review.

Senator CASH: Even better—she is conducting the review.

Senator Conroy: You are now seeking to pre-empt the outcome of it—

Senator CASH: How could I be possibly be seeking to pre-empt the outcome by asking if part of the scope of the review—

Senator Conroy: I am saying to you that the minister will provide—

CHAIR: Senator Cash, stop talking over the minister

Senator Conroy: information about any changes if there are any changes in his timing, not via a scoop for you at Senate estimates.

Senator CASH: It is hardly a scoop at Senate estimates to find out whether or not new guidelines are being drafted as part of a review process. Ms Parry, do you have any idea what this review actually entails? Are you able to tell the committee that you have any instructions from the minister?

Senator Conroy: Senator Cash, you are not entitled to ask for opinions like, 'Do you have any idea'. You can ask a factual question.

Senator CASH: I am asking a factual question. As part of the review is it proposed to draft new guidelines?

Senator Conroy: That would be subject to the minister making a policy decision, and the officer is not in a position to advise you of a policy decision by the minister, particularly if one has not been taken.

Senator CASH: What we will confirm then, Ms Parry, is that at this present point in time, as part of the review, you are looking at the eligibility criteria.

Senator Conroy: I am sure that the review is all encompassing and any policy decisions that are made in the future—

Senator CASH: Why are you so touchy about this review?

Senator Conroy: I'm not, but you are not entitled to just ask questions in the manner that you are.

Senator CASH: This is budget estimates! We are expending taxpayer's money. I think we can ask questions.

CHAIR: Senator Cash, calm down!

Senator CASH: I am asking about potential roting in a government grants program. Why am I not entitled to ask questions? If this was Labor Party propaganda, would you be happy?

Senator Conroy: You have asked factual questions and we have taken them on notice. Now you are asking about a policy question and whether there is going to be changes to a program, and the answer is—

Senator CASH: I have not asked whether there will be changes to a program. My question is, as part of the review, have you been asked to consider drafting new guidelines? The answer is either yes or no—as part of the review process. Whether or not it will ultimately end up with new guidelines is something for the minister

Senator Conroy: I am sure that there is a wide-ranging number of issues being considered, and the minister will make any announcement at the suitable time.

Senator CASH: Well, I will expect an announcement, potentially then, that the guidelines may not be re-drafted—

CHAIR: Senator Cash, you can expect what you like. It may never come to fruition.

Senator Conroy: Would you like to ask a question?

CHAIR: Senator Cash, you have a couple more minutes.

Senator CASH: How can taxpayers have any confidence that if new guidelines are drafted they will stop what could be perceived as rotting when the old guidelines were actually exceptionally clear? They specifically excluded any organisation whose principal purpose and/or activity is political advocacy. And yet you have two websites where, if you Google them today, you will actually see political statements being made.

Senator Conroy: We have taken on notice your questions in this area. Would you like to ask a new question?

Senator CASH: Minister, do you consider that to be an effective spend of taxpayers money under this grants program?

Senator Conroy: I do not consider the assertion made by you is necessarily a fact. And as we said, we will take it on notice. We will look at the information and we will get back to you.

CHAIR: Senator McEwen.

Senator McEWEN: I would like to ask some questions of the Kokoda Track authority.

CHAIR: Calm has descended on the committee!

Senator McEWEN: Can someone give me an update as to where we are at in terms of providing assistance to Papua New Guinea to maintain the track?

Dr Terrill: Last year Australia and Papua New Guinea signed a second bilateral understanding—the joint understanding for protection of the Kokoda Track and the Owen Stanley Ranges. That provides for a further five years of long-term planning for the protection of the track. From 2012, I guess the focus is to continue the sorts of activities that have been undertaken, but in particular to focus on an integrated land use protection policy for the broad areas surrounding the Kokoda Track, for implementation management guidelines relating to trekking operations along the track itself and also for developing a regional tourism strategy. They are the particular new emphases in addition to the continued focus on local communities, protection of the track itself and larger regional protection.

Senator McEWEN: What do you mean by an integrated land use strategy?

Dr Terrill: One of the challenges in the region is competing development pressures. The idea of an integrated land use strategy is to have a plan to be able to address them as they

come up. For example, in relation to trekking and tourism, mining, forestry and other development aspirations of the local people.

Senator McEWEN: Are there any intended structural improvements or enhancements to the track? There have been some photos going around of bridges over creeks and things like that.

Dr Terrill: There was an audit conducted a couple of years ago now of upgrades needed to the track. That covered a range of things—improvements to things like steps and stairways and the actual track surface. It also identified that a number of creek crossings can be very dangerous, particularly with the high water levels. One of the issues in relation to creek crossings is resolving the perspectives of various users of the track—so local communities, trekkers and others. The Kokoda Track Authority, which is responsible for this, rather than the Australian government, resolved to trial the construction of one or two bridges and to see the best way to resolve those preferences, given the competing interest in that area.

Senator McEWEN: Okay. So a few bridges will be built on a trial basis, and after consultation with the various stakeholders.

Dr Terrill: Yes. I think the idea is that local communities, for example, are often very interested in bridges for creek crossings. The trek operators have a particular concern to try and preserve a sense of the historic environment. There are various techniques that are used around the world—building bridges downstream or upstream out of the immediate visual area and so forth. The construction of bridges also depends on the geology of the area—where to put anchor points and so forth.

Senator McEWEN: Are we in a position, or getting near, to hand more responsibility to the people of Papua New Guinea for management of the track?

Dr Terrill: That has been an aim of the program since its inception. It is captured in the first and the second joint understandings. It becomes progressively ever more a reality. As an example, earlier this year the Kokoda Track Authority, which is a PNG agency, is now headed for the first time by a Papua New Guinean—a former chair of the agency. Currently he is being supported by several Australian staff, but that is part of that progressive handover.

Senator McEWEN: Does our contribution to the Kokoda Track Authority come from the AusAID budget?

Dr Terrill: It comes from money appropriated to this department from the AusAID budget.

Senator McEWEN: As part of that government funding, are we doing anything to train PNG locals in park management and tourism management?

Dr Terrill: Yes, Senator. There are quite a number of activities. For example, we had a number of rangers from the Kokoda Track authority down in Booderee at the start of this year, working with the local indigenous rangers from the Booderee National Park in the Jervis Bay area. They spent a week or two down there to understand their techniques, particularly in January, which is the peak season for Booderee. There have been a number of those sorts of exchanges in other programs as well.

Senator McEWEN: That's good. Next year, 2012, will be a big year on the track. It is the 70th anniversary of all the major battles. Are we doing anything in particular to recognise that fact?

Dr Terrill: The Department Of Veterans' Affairs is the lead agency for those military commemoration activities. We have been working with them in relation to those activities. Each year, for example on Anzac day, a number of commemorations happen. There are smaller commemorations that happen for other events. DVA is very skilled at leading those sorts of things, and we have been talking to them.

Senator McEWEN: I am thinking more in terms of accommodating the fact that there will be a significant increase in numbers of visitors to the track, and they will need to be accommodated in terms of toilets and village facilities.

Dr Terrill: The Kokoda Track Authority, the PNG agency, is the one that issues permits for trekkers to cross the track. One of the issues that we have been working with them on is managing both the highs and lows in numbers. With the global financial crisis, tourism has decreased significantly, which has affected their revenue. But also planning for next year, for example, and to manage the top end of numbers if that turns out. They have a delicate balancing act, but they are very skilled at that.

Senator McEWEN: From your point of view or the government's point of view, there is at least another five years of support there from the government via the Kokoda Track Authority to assist the people of Papua New Guinea in managing the track?

Dr Terrill: Yes, there is a five-year joint understanding that sets out in effect a series of objectives to achieve over that time.

Senator McEWEN: Are we doing anything to assist any other Pacific Island countries in preserving their World Heritage?

Dr Terrill: Yes. We have projects in a number of other Pacific Island countries. We have had for a number of years a project at East Rennell in the Solomon Islands, which was the first World Heritage site listed in the Pacific—it was listed in 1999, from memory. We have been running a project there for three or four years now and we have a couple of years further money for that. The challenge there really sits around local communities and integrating the management of the site and the protection of the site into local community aspirations. We have a project in Vanuatu with significant funding through AusAID to look after Chief Roi Mata's Domain, which was the second site listed in the Pacific. We have worked with every Pacific country in relation to every nomination that has been developed in the Pacific. We have been working with every Pacific country that has a site listed on the list—again, using AusAID money on those sorts of activities. Whilst Australia has been on the World Heritage committee we have been very active in that sort of area and a number of other domains.

Senator McEWEN: Thank you very much.

Senator LUDLAM: Most of my questions are on heritage and the heritage budget, although I would like to start by acknowledging the wonderful work done by Environment Victoria and Friends of the Earth, in part based on Commonwealth grants. They get a lot done with a very small budget. I want to draw the officer's attention to the heritage budget in

particular and whether you can confirm that the division has indeed been cut in terms of total funding by about 31 per cent across the forward estimates.

Ms Dripps: We are unable to confirm that at this time. As Dr Grimes mentioned in the departmental summary item yesterday morning, internal budgets for the department have not yet been finalised in terms of allocations to divisions.

Dr Grimes: What Ms Dripps said is actually correct. We are undertaking our internal budgeting process for the department as a whole. We typically undertake that after the finalisation of the Commonwealth budget to ensure that we have considered all matters that are being managed by the department. It is true, however, that we are facing some step down in the funding from what we have faced in the past with the termination of the Distinctively Australian program. I should make it absolutely clear that that program had a limited life. It was always coming to an end. It had always been in the forward estimates as a terminating program. So there has been no new decision to change funding; this was a program that was always going to terminate. So the department needs to make an adjustment for the termination of that program—or the cessation of that program, rather.

Senator LUDLAM: What was it called, sorry?

Dr Grimes: Distinctively Australian. It was additional funding that was provided to the department some years ago, but it had a limited life. It was only provided to the department for a specific period of time rather than provided to the department as ongoing funding. So we had to factor that into our internal budgeting.

Senator LUDLAM: Program expenses 5.1 in your PBS says that your total program expenses drop in the 2010-11 revised budget from \$34 million to \$22 million by 2014-15, forward year three. So that is a drop of 31 per cent, or thereabouts. How much of that is accounted for by the program that you have just referenced?

Ms Dripps: There is a \$3 million drop that appears in the row 'Annual departmental expenses', marked note 3, from \$19,435,000 to \$13,330,000, which includes the Distinctively Australian program. That row also includes revenue from independent sources. For example, from time to time the heritage division puts up for grants funding either within the department or from other agencies. The other figure that does not appear in those totals is the \$4.5 million commitment to the Kokoda Track. Those three things and also the ending of the significant investment of jobs funding explains the differences looking into those forward years.

Senator LUDLAM: Was jobs funding actually visible in this appropriation or was it somewhere else in the budget? Because jobs funding I thought rolled off last year. But that doesn't account at all for the big drop that I have just described.

Ms Dripps: It is not a major contributor to the drop that you have described, but there was some jobs funding this year which appears in the 2010-11 budget.

Dr Grimes: I think it may actually be worth just quickly focusing on the fact that there is a distinction between administered and departmental expenses. In the table there is a mixture of things there with administered expenses at the top part of the table. They are the programs that are being operated. Departmental program support is the amount of resources being allocated within the department. My understanding is that, as Ms Dripps has indicated, there was some reduction in the departmental funding that we are allocated as a result of that heritage jobs fund coming to its natural conclusion.

Senator LUDLAM: I do not think that that accounts for it, to be honest. I do not think that the jobs funding accounts for that drop from 19 to 13.

Dr Grimes: I did not mean to give you that impression, Senator. I really did not. The Distinctively Australian program, on my advice, accounted for \$3 million worth of our departmental expenses. In addition, the departmental funding for the heritage job fund, on my advice, is \$800,000.

Senator LUDLAM: That certainly does not account for it. So let's set that aside, because actually there has been an increase in some of the project funding that people will be able to do. The community grants program has gone up.

Ms Dripps: Yes.

Senator LUDLAM: I am happy to acknowledge that and I want to go to that in a moment, but first of all I want you to help me account for—or tell me if I'm reading it wrong—why the division overall has been cut by 31 per cent across the forward estimates. That is not at all taken up by an \$800,000 –

Ms Dripps: Can I just run through the components—the difference between the \$19 million and \$13 million. Was that the question that you were asking?

Senator LUDLAM: No. Overall the total program expenses, we start with a figure of 34 and we end with a figure of 22. So can you draw my attention to the largest component of the drop and explain what accounts for them.

Ms Dripps: Certainly. There is \$3 million in the Distinctively Australian program between 2010-11 and 2011-12.

Senator LUDLAM: Yes, we have covered that one.

Ms Dripps: If you look over on the left-hand side of the page under program 5.1, we have 'Revenues from independent sources' of \$1.9 million. Also in the government's budget announcement but not appearing in the PBS because it is funding from AusAID is the \$4.5 million for the Kokoda Track. I do not have a calculator with me, Senator, but I believe that brings it pretty close. With productivity dividends and suchlike there is a general trend in a negative direction, but those are the key things that explain the differences between last year and the years looking forward.

Senator LUDLAM: I mean, 31 per cent is a pretty severe efficiency dividend. Last year the budget was cut by 18 per cent when program support was revised from \$24 million to \$19 million. I wonder whether, to cut this short, you could table for us a summary of funding to the heritage division over the last decade?

Ms Dripps: We can certainly do that. What I would also add is that because of the potential in heritage to invest substantially or less substantially in property maintenance and improvement, there have been substantial peaks and troughs in the heritage budget over the last 10 years. For example, with \$63 million put in through the jobs fund as an economic stimulus measure a couple of years ago.

Senator LUDLAM: I am fairly familiar with that one, because I think we put that there. I do not expect you to have all of this with you at the moment, but if you could maybe provide that longer range summary. Officers who have appeared at this committee before have tended to defend the cuts and explain them away as not really being cuts, but I do not think it is really

deniable that the division has suffered quite severely over the last decade or so. How will the cuts that we have spoken of this morning impact on staffing? Are there people being redeployed or losing their jobs?

Ms Dripps: It has been reported in the press, and is reasonably widely known, that there has been sensible management practice implemented within the heritage division to plan for the end of the Distinctively Australian program.

Senator LUDLAM: How many people does that affect?

Ms Dripps: That has meant that the division has looked at options in terms of future funding and options in terms of efficiencies and priorities. It is not finalised yet in terms of the precise impact because we are still working through the internal budget. However I am advised that the impact on that division is most unlikely to be in the order of that which was reported in the press some months ago.

Senator LUDLAM: If there is a funding drop of 30 per cent, or thereabouts, but that won't be reflected in employment overall—FTEs. Over the forward estimates—we have only got out to 2014-15—what are the expected staffing reductions overall in the division.

Ms Dripps: I think it would be very difficult for me to predict precisely what the staffing levels in the division will be in 2014-15. What I have said is that we are looking at the efficiency with which we do our work within the heritage division. We are also continuing to work through the finalisation of the internal budget for the division with a view to retaining the heritage expertise of the staff in that division within the department.

Senator LUDLAM: Best of luck with that. What are the current staffing FTEs for the heritage division?

Dr Grimes: They are established at 102, although current staffing levels are slightly below that.

Senator LUDLAM: What are they expected to be by this time next year, when we are sitting around the table here again?

Ms Dripps: I think that I have answered that question in terms of not being entirely certain of what the numbers of staff will be in the future. I would prefer to leave it there, if that is okay.

Senator LUDLAM: You must be able to give an order of magnitude.

Dr Grimes: We will be reducing our overall staffing in this area because of the cessation of the Distinctively Australian program, which as I indicated before, was a time-limited program. So there will be some reductions—there is no doubt about that. But as Ms Dripps has indicated, when it comes to very precise numbers—if you are looking for very precise numbers—this is something that we are still working through.

Senator LUDLAM: No, I am not. I respect that these are projections around things that have not happened yet. But apart from the Distinctively Australian cut, you have not been able to say how many jobs will be lost there or people redeployed. In addition to that, there are obviously other things going on, because Distinctively Australia only accounts for \$3 million of the reduction. There is a lot more than that on the table. Setting that one side, what are your expected staffing reductions overall?

Dr Grimes: As I think we indicated, we are expecting to reduce the staffing in the division and indeed, as Ms Dripps has indicated, there has been a process of working through with staff, looking at redeployment within the department. In particular, we want to really retain some of our very good staff who are very talented and skilled and have a lot to offer for us. We have been working through that process. As I indicated a moment ago, we have not finalised the final staffing profile for next year at this stage. We are working through that at the moment. It will be a reduction, but the final amounts we have not resolved. I think that it is also worth recognising that, while you are quite right in pointing to the overall trends in the departmental expenses, those are expenses that are expressed at a high level—they have all expenses in them and not just staffing components. So trying to translate these absolutely precisely into a staffing number is a difficult task to do.

Senator LUDLAM: I recognise that it is difficult. All we have to rely on, apart from what you are telling us this morning, is open source reporting. A piece from the *Canberra Times* a couple of weeks ago suggested 30 jobs were on the table. Is that roughly within the order of magnitude?

Dr Grimes: This was based on internal work that we were doing earlier in the year. It was the order of magnitude that we were looking at, but I cannot confirm a final number because we are genuinely going through that at the moment. As I have indicated on a number of occasions, we are looking at a reduction in staff within the division.

Senator LUDLAM: Is it still roughly in that range. I am not trying to nail you to a figure you cannot commit to.

Dr Grimes: I have actually indicated that I do not believe it will be in the order of 30 staff in my previous answer. I cannot be more precise than that before we have landed the final internal budget for the department.

Senator LUDLAM: But it is not going to be more than that?

Ms Dripps: No.

Dr Grimes: It will certainly be a number of staff, there is no doubt about that.

Senator LUDLAM: Well, I wish you well in that very difficult work. We were very upset to see those funds drawn down. The memo that was reported in the piece in the *Canberra Times*—and I presume you know the one I mean; it was 23 March of this year—where the figure of 30 job cuts was canvassed also apparently was advising staff that the AHC's work on assessments of new places for the National Heritage List would be reduced from 15 places to one, and that work on some assessments already underway would cease. You have replied to me in a question that I put on notice relating to that issue that directly contradicts that reporting, which I was really pleased to see. It said that you thought list assessments would grow significantly in future years. Can you just set the record straight for us? With that reduced funding and that reporting in the press, what is going to happen to your heritage assessment work?

Dr Terrill: The assessments for the National Heritage List are proposed to reduce ; however the assessments for the Commonwealth Heritage List are expected to continue at a significant rate.

Senator LUDLAM: That is the distinction that you are drawing. Okay. Is the National Heritage List basically becoming defunct? Is it being set aside or is being phased out?

Ms Dripps: We have I believe 92 places on the National Heritage list at the moment, so a large number of very significant places in Australia have already been protected.

Senator LUDLAM: But we are not adding very much to that.

Ms Dripps: There is assessment work underway in a number of areas as well as preparatory work underway in a number of areas. So the minister will make a decision in due course about what places to put onto the work planned for the AHC for the future.

Senator LUDLAM: I want to come to a couple of direct examples in a sec. Has the work on the National Heritage List, which has come almost to a standstill, been hit by, for example, the distinctively Australia job cuts or the programme cut. Has that hit your ability to do assessments to the National Heritage List?

Ms Dripps: We are certainly reviewing the manner in which we do assessments for the National Heritage List, and have been for sometime moving towards a stronger partnership-based model, particularly with the states—

Senator LUDLAM: I am sorry, that was not the question that I asked directly. Has the reduction and the drawing down on the elimination of that particular program had a bearing on the number of assessments to the National Heritage List or not?

Dr Grimes: I think that the answer is that it may do, but as Ms Dripps was indicating, the way in which we do assessments can have a bearing on the number that are done. Your question might go to trying to quantify that, and I think that that would be a difficult thing to do just at the moment given the fact that work is continuing on the way in which those assessments are undertaken. If Ms Dripps has got anything to add to that, or to clarify, I am happy for her to do so.

Senator LUDLAM: I appreciate that you are working in a difficult environment. We would rather see this portfolio expanding than contracting, so I have not turned up to give you folk a hard time. I am just trying to establish it, because otherwise we are just working on the basis of one press-clipping of what actually is going on inside the department and how it will affect your work. What can you tell us about the National Heritage List? Is it going to be phased out? What will happen when the assessments basically come to a standstill? We have a series of places that already there, as you have identified. Is it your intention to get back to the process of adding places to the list?

Dr Grimes: I do not think that our evidence today has been that the assessment process is coming to a standstill.

Senator LUDLAM: Do you want to contradict the press report? I am happy for you to do so if it is not true. It was reported that assessment of new places on the list would be reduced from 15 to one.

Dr Grimes: No.

Senator LUDLAM: It is not true?

Dr Grimes: No. We do not think that we will be looking at a change of that order of magnitude, but Ms Dripps may be able to answer further.

Ms Dripps: I think there is a future policy question that goes beyond the question in terms of what would be done with the Heritage List in the future. Certainly there are 92 places on it at the moment, and there are more places that might have or do have heritage values that are

in the process of being considered for national heritage listing, or will be in the not too distant future. Certainly the AHC has a work plan that runs out into the future that includes quite a large number of places for potential assessment. So in terms of what might happen after that work has completed, I would not be in a position to provide advice on that.

Senator LUDLAM: I might put a couple of these questions on notice and move on. While we're on the subject of the AHC, can we get an update on the emergency assessment of the Dampier Archipelago site that was announced by the minister a couple of months ago?

Ms Dripps: We can cover that now if you like.

Senator LUDLAM: Yes, that would be great.

Mr Murphy: The department has briefed the Australian Heritage Council on the work that was requested by the Senate. On behalf of the council we have called for heritage experts and we are running a market test of consultants that could do this assessment. That has gone out. I think it is due this Friday. We will then look at the applications that come in and select a consultant.

Senator LUDLAM: So the AHC will not conduct the assessment itself—it is being outsourced? Can you just step us through what role the department will play and what role the AHC will play in that assessment?

Ms Dripps: What you will see is that the AHC will not be completely hands off in this exercise. They are having a council meeting in Western Australia next week and will be undertaking a site visit to the Burrup following that meeting next week.

Senator LUDLAM: Okay. I was not aware of that.

Dr Terrill: In addition it is worth noting that normal practice is that the AHC, as an expert body, considers material put to it but generally would not actually write the very detailed assessments that are normally undertaken. So this is just very much within the line of normal practice.

Senator LUDLAM: How long is the consultant's work expected to take?

Mr Murphy: The consultancy has been given the time line consistent with the Senate, which asked for a draft report to be provided to the minister within six months, which is September this year.

Senator LUDLAM: When are they visiting the peninsula, and could you just clarify whether it is just the AHC who are going or whether they will be taking the consultant with them?

Mr Murphy: The Australian Heritage Council will visit the Dampier Archipelago in June. There are no plans to take the consultant. It is already a national heritage listed place, so a lot of work has already been done on the national heritage values. A key component of doing an assessment for outstanding universal values is comparative assessments with similar places elsewhere in the world. So it will be very much a desktop exercise rather than research on the ground at the peninsula.

Senator LUDLAM: I might ask you to take on notice, if you are not aware of it now, exactly when the council will be visiting the Burrup. Unless you can tell us now?

Mr Murphy: It is 10 or 11 June.

Senator LUDLAM: Okay, that is great. Woodside obviously have a fairly strong view on this, because they are operating a gas plant right in the middle of the heritage precinct. I understand, again from open source reporting, that they flew into Canberra and made their views very well understood. Did they meet with the AHC or with the department?

Mr Murphy: Representatives from Woodside have met with the department on a number of occasions. Not only do they have a big interest in their industry but also they have committed a lot of funding to protecting the heritage values.

Senator LUDLAM: From the impacts of their activities. You maybe inadvertently made that sound like some kind of charitable effort. They have caused colossal damage to the heritage values of the Burrup. So it is good that there is some funding forthcoming to try and mitigate the impacts. What views did they put? Do they have a view that the emergency heritage assessment should go ahead or did they express concern?

Mr Murphy: The discussions focused on what the process would be rather than what the views of the company were. Again, it goes to the conservation agreement, which has funding roughly of \$34 million that is available for research, monitoring, presentation and management of the national heritage values of the archipelago.

Senator LUDLAM: Can you undertake to take on notice when you can provide us with a work plan for that review—dates, times, budgets and so on? I understand that there must be some of that material in existence by now.

Mr Murphy: We are happy to do that, Senator.

Senator LUDLAM: I very much appreciate it. I am presuming that that then becomes a policy question. What becomes of that review is out of the hands of the AHC and the department. The minister will receive that and that will be that.

Mr Murphy: The AHC has been requested to provide a draft assessment to the minister.

Senator LUDLAM: Will that be a public document?

Mr Murphy: Once finalised it will become public.

Senator LUDLAM: Very much appreciated. Thank you. This question is on behalf of Senator Rachel Siewert. What are World Heritage managers doing to keep myrtle rust out of Fraser Island, because there has been an incursion at Hervey Bay that potentially impacts on the World Heritage values?

Ms Dripps: That might be a question we have to ask of the management agency.

Senator LUDLAM: Yes. I know that probably sounds like it is coming from left field. Is there any info you can provide?

Mr Murphy: I would imagine that the major activities here are by the Queensland government. As you know, we do not have operational responsibility for the management of parks in Queensland.

Dr Grimes: We are happy to take it on notice and see if there is any further information.

Senator LUDLAM: I do not want to come away with the impression that the Commonwealth is doing nothing at all if that is not the case. Mr Murphy, is there anything you want to add?

Mr Murphy: There is funding that goes to Fraser Island under the Caring for our Country grants. The major funding at the moment from the Commonwealth is to fund the executive officer for the advisory council. I know that there is also some funding to do with myrtle rust but I am not sure if that is specific to Fraser Island, so I will have to take that on notice.

Senator LUDLAM: What I am asking you to take on notice is specifically Fraser Island but particularly myrtle rust and whether you are aware of what is going on there as they relate to the World Heritage values and as they relate to Commonwealth responsibilities for preserving the values of that site. If there is nothing, that is fine and I will move on. But can you take on notice any activity at all that the Commonwealth has undertaken, whether on staffing or resourcing or on any level at all. Was there any new funding at all for World Heritage in the last budget? If there was an announcement, I missed it. You are all looking at me really puzzled like I have just asked a strange question.

Ms Dripps: The new funding announcements in the last budget for heritage were for the Kokoda Track initiative and the community heritage grants program.

Senator LUDLAM: Not specifically for World Heritage funding?

Dr Terrill: There was not new funding announced but we do expect a continuation of current levels of funding, for example through Caring for our Country, which Mr Murphy has just mentioned.

Mr Murphy: The specific projects for Caring for Our Country, for example, in the next financial year add up to around \$11 million of funding projects for World Heritage areas around Australia

Senator LUDLAM: Thank you. Coming back to the community grants, we are pleased to see a bit of an uplift there of approximately an extra \$8 million. Is that roughly going to follow the format of the existing grants program that came through the stimulus package? I think it was reasonably well received and accounted for. Is that just going to be a continuation of how that program operates or is something different intended?

Dr Terrill: The continuation of the existing National Historic Sites program or the Jobs Fund program?

Senator LUDLAM: The community grants package. I understand there is \$8 million over two years in addition to the \$4 million or thereabouts that was already there for community grants.

Dr Terrill: The guidelines for the program have not been finalised, but the basic terms of the program have four components telling heritage stories—stories of how heritage relates to Australian communities—enhancing community engagement, bringing heritage online and then a stream that relates to the National Historic Sites program for improvement of the preservation and management of existing heritage places.

Senator LUDLAM: Will you be publishing guidelines at some stage?

Dr Terrill: Absolutely. They will obviously have to go through the normal guidelines development process approval by the minister and so forth. They will, of course, become public to enable members of the public to apply for them.

Senator LUDLAM: You have just given us an idea of the themes—the sort of thing you are looking for. Was there any announcement on the grants to voluntary environment and

heritage organisations which help the organisations themselves do that work? Is any funding likely to flow there?

Dr Terrill: There was a discussion in the morning of GVEHO; I think your question may relate to that. Under this program, as it is anticipated, I do not think there is any intention to overlap with that program.

Senator LUDLAM: Okay. We love it when those organisations do advocacy, so I hope you will continue to do that. Lastly, on the heritage listing for the Kimberley, can you provide us with an update of where that is up to?

Ms Dripps: We are in the process of undertaking further consultation on the heritage values of the Kimberley, particularly the values that were identified around the dinosaur trackways and further consultation with the Western Australian government and community.

Senator LUDLAM: That is pretty vague. Can you give us any idea at all of when the public might get an idea of what is happening—when there might be an announcement of some kind?

Ms Dripps: I think that will become clear quickly. I do not have any knowledge of precisely when.

Senator LUDLAM: No knowledge of precisely when, but something is not too far away for that announcement?

Ms Dripps: I did not say 'an announcement'; I said 'further consultation'. There is further consultation required on the additional values that the AHC identified in the dinosaur trackways.

Senator LUDLAM: The heritage listing, I thought, was for the entire West Kimberley.

Ms Dripps: That is right. The initial consultation was undertaken for the examination area in the West Kimberley. There needs to be further consultation around the dinosaur trackways and further consultation around the balance of the potential listed area.

Senator LUDLAM: I have one final question—it is a great big picture one. Program 5.11 of your deliverables is to develop an Australian heritage strategy. I think I have banged on about this at nearly every one of these hearings I have attended. How is that going? When will that one be met?

Dr Terrill: In February this year the minister wrote to state and territory chief ministers and premiers, inviting them to nominate a minister to participate in the ministerial forum to discuss what the strategy might cover, anticipating that it would cover a vision for heritage and some shared objectives and priorities. We have received positive responses from almost all jurisdictions. We are just awaiting one or two.

Senator LUDLAM: Which ones?

Dr Terrill: We are awaiting positive responses from the Northern Territory and we are in discussion with Western Australia about a couple of details.

Senator LUDLAM: I knew it would be WA.

Dr Terrill: We would hope the ministerial forum would take place early in the second half of the year. You will probably have noticed in the budget papers that it is anticipated the strategy will be finalised by mid next year.

Senator LUDLAM: That was my next question. Are you on track for that?

Dr Terrill: Yes.

Senator LUDLAM: Any public consultation as part of that, or is it just going to be stitched up by ministers?

Dr Terrill: I think consultation will be an important element of developing it.

Senator LUDLAM: Please keep us posted.

Senator ABETZ: Can I be given an explanation as to why answers to questions Nos 71 and 72 were delivered only the other day?

Senator Conroy: We have had an extensive conversation about that already, Senator Abetz. I am happy to seek further information from Minister Burke's office and come back to you if there is any further information.

Senator ABETZ: Thank you very much for that, Minister. In particular, question No. 72 has a bit of a give-away in it where it says: 'It is anticipated the baiting program will recommence in May 2011'. We were about three-quarters the way through May when I got the answer. One presumes that the answer was prepared in anticipation of us reaching the month of May. I am wondering where the delay was in relation to these two questions. It seems not in the departmental work because it talks about 'recommencing in May', rather than saying 'recommencing this month' or 'it has already recommenced'. So there is a bit of a give-away in that answer. If we could have a detailed response as to when the draft questions hit the minister's office, I would be much obliged. If you could take that on notice for answers Nos 71 and 72.

Senator Conroy: I can happily take that on notice for you, Senator Abetz.

Senator ABETZ: Has the baiting program recommenced? I am talking about Macquarie Island.

Mr Murphy: Yes, the baiting program has recommenced.

Senator ABETZ: When in May? Do we know?

Mr Murphy: The baiting commenced on 5 May.

Senator ABETZ: On 5 May—thank you very much. In relation to question No. 71 we were told that a substantial amount of the bait had been spoiled. How was it spoiled? By way of reaching its expiry date or was it physically spoiled, as in rain getting into it?

Mr Murphy: I think it is to do with the environmental conditions—in particular, the moisture.

Senator ABETZ: As I understand it from your answer, we spent over \$1 million in getting bait—305 tonnes of it. We only used 25 tonnes, and we were expecting 70 tonnes still to be available, which would suggest that about 210 tonnes has been wasted. Do you agree with my maths?

Mr Murphy: Certainly the spoiled bait has not been used, yes.

Senator ABETZ: Let us go through it carefully. You can follow this from your answer to question No. 71. I was told that 305 tonnes was purchased, 25 tonnes was used and you were expecting to use another 70 tonnes of it, which would suggest to me that 210 tonnes has been wasted or spoiled or whatever; is that correct?

Mr Murphy: I agree with your maths.

Senator ABETZ: If the cost is \$1.13582 million for the total—and my maths is not exact here—would it be fair to say, therefore, that we have wasted about \$750,000 of taxpayers' money on bait being wasted and spoiled?

Mr Murphy: There are certainly costs to the program. When the program ran last year, not all the bait could be used because of the weather conditions. The weather was so bad that the helicopters could not fly and deploy all the bait. That required us to go down to Macquarie Island again to finish the work. So because of circumstances beyond our control there have been extra costs to the program—because we had to go down there. Bait spoilage is part of that cost.

Senator ABETZ: The amount of 210 tonnes has been wasted, at a cost of about \$750,000; you would agree with that maths?

Mr Murphy: I agree it is an additional cost to the program due to having to go down there again, yes.

Senator ABETZ: No—this is the actual cost of purchasing bait which can now no longer be used. It is \$750,000 worth.

Mr Murphy: The bait needed to be purchased to be able to conduct the eradication program last year. Due to the weather conditions, it was not able to happen as planned. Some of that bait is being used this year.

Senator ABETZ: We can only use about 70 tonnes of it, which suggests that 210 tonnes has been wasted or spoilt.

Ms Dripps: There may be some value in us taking on notice the question of what happened to the remainder of the bait. I am not certain I could come to the same conclusion in terms of it having necessarily been wasted. It may be being kept for future use. It may not all have been wasted.

Senator ABETZ: I was told that due to spoilage it is expected that about 70 tonnes of the bait left on the island will be used.

Dr Terrill: In terms of Ms Dripps' intervention, the answer to the question does allow room that not all of the bait may have been left on the island. That is something we probably do need to take on notice and check. It does record that 70 tonnes of the bait left on the island would be used, but that does not definitively lock out that that was all of the remaining bait. Can we take that on notice?

Senator ABETZ: By all means. I think it is pretty clear. Can you then tell us exactly how many tonnes were spoilt?

Ms Dripps: Yes.

Dr Terrill: Yes.

Senator ABETZ: And what has happened to what I suspect is 210 tonnes of spoiled bait? Does it have to be transported off the island? What is the cost of doing so et cetera? You can take all that on notice. It would seem that just the capital cost of purchase of the bait, about \$750,000, has been wasted due to spoilage. About 70 tonnes of the bait will be used this year. Do we have a better figure than 70 tonnes now that we are starting to use it again?

Mr Murphy: I do not have that.

Senator ABETZ: If you could take that on notice for me, Mr Murphy, I would be obliged. In relation to this rationale that it was all stopped because of weather conditions, we also had a real issue, did we not, of birds dying with this program, which was not initially expected? Allow me to read the second paragraph of answer No. 72:

The first bird deaths were reported ... on the 8th of July ... [it] had reached a higher than expected level on 27 August 2010 when it was reported that 300 birds had died.

That was also one of the reasons, was it not, for stopping the baiting program? These, if you like, non-targeted deaths were a lot higher than was initially expected?

Mr Murphy: No, Senator.

Senator ABETZ: So if the weather conditions had continued to be mild and calm, we would have continued to spread the bait, despite these huge levels of non-targeted bird deaths?

Mr Murphy: There was a delay between deploying the bait and, firstly, the rabbits, mice and rats dying and then later some birds scavenging dead rabbits. Then later the birds died. It is possible that more birds would have died if the weather had been good and the baiting was finished. A review was done of those bird deaths. The review was considering whether it was worth doing eradication because of the impact on the birds. The conclusion of the review was that without the eradication the ecosystem would collapse and birds of some species would become locally extinct on the island. So it was seen as really not much choice. To save the birds there would be some impacts. The review also identified ways to run the program this year that significantly reduce bird deaths. There is a team on the island dedicated to picking up carcasses so that there are not as many available for scavenging by birds.

Senator ABETZ: So changes were, in effect, incorporated into the program, not because of the weather but because of the high number of non-targeted bird deaths. That is correct, is it not?

Mr Murphy: Yes, the bird deaths were anticipated and they were covered in the original environmental impact work done before we went down the first time. But what was not anticipated was the magnitude of it.

Senator ABETZ: Yes, the high numbers; that is why it made very good sense to stop the program to incorporate changes to ensure those bird deaths were reduced.

Mr Murphy: The program was stopped because of the adverse weather. It is conducted in winter, when a lot of the migratory birds are away from the island. Because the bad weather continued for so long, the concern was that the migratory birds would start to return to the island. The decision to call it off involved the birds but it was not because birds died from the baiting; it was to prevent more deaths happening because of birds returning. There is a window where those migratory birds are away from the island. The project was designed specifically to bait in that window.

Senator ABETZ: Thank goodness they were away and only 300 birds died. They were the birds that were found and thus counted. It stands to reason that not all the birds that died were necessarily located and found.

Mr Murphy: That is correct.

Senator ABETZ: So the figure of 300 birds that had died would be the minimum figure. Chances are it is a greater but unknown figure?

Mr Murphy: The last count I have, from 9 February, 2011, is 947.

Senator ABETZ: It is 947 now! And you stopped the program only because of the weather, and not because of the bird deaths?

CHAIR: Senator, we have three senators and 11 minutes left.

Senator ABETZ: Sorry; I will be very quick now. Who can assist me with where we go on the Richmond Bridge?

Mr Hooy: I can.

Senator ABETZ: Where are we with the Conservation Management Plan? I have this folder here that dates back to I do not know when—this is just like Blue Hills

Senator Conroy: You are like a hamster!

Senator ABETZ: Going around on a wheel getting nowhere fast!

Senator Conroy: I think more of the storage issue, but that one is equally appropriate.

Senator ABETZ: No—going nowhere fast with this, which is a pity.

Mr Hooy: The Conservation Management Plan was finalised on 4 February, 2010.

Senator ABETZ: Are you aware that the local council has stopped the plan to close the slip road and the speed humps on the bridge in a recent decision because they were awaiting the final outcome of the Conservation Management Plan?

Mr Hooy: I think you might be referring to a revised traffic management plan.

Senator ABETZ: That is right.

Mr Hooy: I understand that; yes, that has affected the timing of the work that the council proposed for the bridge.

Senator ABETZ: When are we going to have speed and weight limits on this bridge?

Mr Hooy: I understand that the Department of Industry Energy and Resources reached an agreement with the Clarence City Council in February of this year with respect to the traffic calming measures. I believe that the works related to traffic calming are going to be incorporated with other ongoing works associated with the bridge. I believe that the current estimate from DIER is that may take at least five years for all of those proposed measures to be put in place.

Senator ABETZ: Five years! Do we have a reason why it is going to take so long?

Mr Hooy: I am not aware of the reason for that.

Senator WORTLEY: I ask a question that has been asked previously by me and other senators here, particularly those from South Australia. It is in regard to the clipper ship *City of Adelaide*. Has there been any formal application to bring this vessel back to Australia? What criteria would it need to meet? My understanding is that there was some concern that it would not meet the national requirements under the act.

Mr Hooy: I am going on recall here. There has been correspondence with respect to the *City of Adelaide*. I do not believe there has been any correspondence for some time with respect to the vessel. I recall that the amount of money that was being sought to help in the

transport of the vessel back to Australia was quite significant. I have a figure of something like \$3 million in mind. That is just to return it to Australia. There are other very significant costs associated with slipping and ongoing maintenance. It is an extremely expensive proposition.

Senator WORTLEY: I understand that there has been some development through the City of Adelaide Preservation Trust. It would be, from their point of view, worth looking at again. I am assuming at this stage that there would be further application with regard to that. Would the ship itself, the vessel, meet the criteria under the heritage listing?

Mr Hooy: In terms of the National Heritage List, obviously we would have to assess that, but I would not want to comment at this stage. We would have to undertake a formal assessment. For example, compare the *City of Adelaide* with a number of other significant vessels already in Australia, such as the *Polly Woodside* or what have you.

Senator WORTLEY: So a formal assessment has not been undertaken with regard to this particular vessel?

Mr Hooy: That is right. I am not convinced it would be eligible, given that in effect it is moveable cultural heritage. The National Heritage List is very much about recognition of sites that are of national significance. So there is even a question about whether or not it would be eligible. Putting that to one side, the normal process is to look at the history of the vessel but also to undertake a comparative analysis.

Senator WORTLEY: So whether or not it would be eligible has not been tested yet?

Mr Hooy: It has not been nominated—assessment has not been undertaken.

Senator BIRMINGHAM: Senator Ludlam touched on some of the issues of what the budget impacts will mean for the department, particularly for the heritage division. It is still the heritage division, or however you describe yourselves, and will continue to be so. One of your key performance indicators relates to ensuring that additions to the Commonwealth Heritage List, or National Heritage List, are assessed in a rigorous and timely manner. What would these budget reductions do to the capacity to assess them in such a rigorous and timely manner?

Ms Dripps: Senator, we have covered some of this ground with Senator Ludlam in terms of the work that has been done within the division to look at the manner in which we undertake heritage assessments and assist the Australian Heritage Council in so doing, and also the way in which we can undertake these things within the time that is available. The act does specify a time limit on assessing places that are put on the finalised priority assessment list of the Heritage Council. We are in the process of working through how we can complete those in line with those legislated timelines.

Senator BIRMINGHAM: The practice has been to do a number of assessments a year—eight, nine or 10 assessment periods a year—or is it to do them on a rolling basis? What is the previous practice for the Heritage Council as to how they have undertaken those assessments?

Ms Dripps: In terms of how or how many?

Senator BIRMINGHAM: How frequently.

Ms Dripps: The council ends up with a work plan for each year and that work is undertaken. So, for example, in 2010-11 four places have reached the end of the process of

being listed on the National Heritage List. Depending on how things go with some of the issues, I would anticipate a similar number might be made in the next financial year.

Senator BIRMINGHAM: So you are not anticipating any change to the capacity to undertake the same number of assessments at the same standard?

Ms Dripps: I think Dr Grimes has talked to the point that we are facing the end of a program. Some of the funding in that program has been used for these kinds of activities. We are looking at how we can do business differently so we can achieve the outcomes and the timelines that are expected.

Dr Grimes: I think I indicated before that there may be some stepping down from what we can do. We are looking at ways of doing assessments as efficiently but as robustly as we possibly can.

Senator BIRMINGHAM: If it is not assessments, what will take a hit? What about the capacity of the division to monitor and provide advice against the EPBC requirements for monitoring over these heritage sites?

Dr Grimes: Clearly, we will be ensuring that all of our core functions can be undertaken. There will be some reduction. We have been very open about that in the work we do. We are ensuring that it is well targeted and we are working assiduously at the moment to find better ways in which to go about our work. It is precisely for that reason. It is difficult to calibrate to a very precise level the implications. You can be assured that we will be looking to make sure that all of the core functions that need to be performed by the department continue to be performed.

Senator BIRMINGHAM: When you say that you have undertaken some work and that you have been looking at the areas where you can apply these savings so as to spare the core functions from being eroded, you must have some specific ideas as to where the savings will be applied?

Dr Grimes: I think we indicated that we had not got to the point of absolutely completing our work on that, so I cannot give you a further answer at the moment. That is a process we are working through at the moment.

Senator BIRMINGHAM: What are the options you are looking at?

Dr Grimes: As Ms Dripps indicated, we are looking at better ways of undertaking our assessment processes.

Ms Dripps: Perhaps I might give you an example. As you know, we have significant heritage expertise within the division. There has been a tendency for organisations that have obligations to care for heritage values of their places to seek expert technical advice from the department because we have those experts available on tap for other purposes. We have been working to codify the kinds of things those people know, to develop templates and online tools for the development of heritage strategies, for example, so that that level of expertise is provided but through a forum which is not a one-on-one conversation with a staff member in every instance.

Senator BIRMINGHAM: So less immediate one-on-one responsive advice to those managing Australia's heritage assets is one example where—

Ms Dripps: That is one area where we are looking at providing that heritage advice through online connectivity backed up by that one-on-one personal advice, but pointing people towards that online advice in the first instance.

Senator BIRMINGHAM: There will be no impact on the actual monitoring or assessment against EPBC applications and so on?

Ms Dripps: There is a requirement under the EPBC Act that impacts on heritage places be appropriately considered, as they are matters of NES. That advice will continue to be provided.

Senator BIRMINGHAM: For assessments of new or potential sites, has the department historically sought outside expert heritage advice or consultancies?

Ms Dripps: Not to my knowledge. If we could return to that in 5.2, when the assessments branch staff are here, that would be much appreciated.

CHAIR: Senator Birmingham, we are out of time. Senator Boswell, can you put your question on notice? I am happy for you to put the question on the record, if you like.

Senator BOSWELL: This is the second time this has happened. I have sat here—

CHAIR: Senator Boswell, you have to consult with your colleagues. You cannot just wander in and demand that the whole program be changed for you. I am sorry.

Senator BOSWELL: I am not demanding anything. It is the second time I have sat here. Last night I sat here for an hour—

CHAIR: I would ask that you consult with Senator Fisher in terms of you getting a position in this. You cannot come in and express concern.

Senator BOSWELL: All right. It is a bit below the belt. Anyhow, let me put the question on notice. In Senator Fielding's speech to the Senate on 12 May, 2011, in relation to wild rivers, he said that the federal government had agreed to fund a professional services resource to assist people to get an application for permit approval. Can you detail how much funding the federal government has agreed to provide; what the nature of the professional services resource will be; whether the Commonwealth will be providing the services; and where the resource will be based?

CHAIR: Thank you, Senator Boswell. We will now take a break and come back with the Office of the Supervising Scientist.

Proceedings suspended from 10:32 to 10:47

CHAIR: I call officers from the Office of the Supervising Scientist. Mr Hughes, would you like to make an opening statement?

Mr Hughes: No, thanks.

CHAIR: I now invite questions.

Senator LUDLAM: Mr Hughes, it has been a pretty difficult and nervous wet season for ERA and probably for your office as well in Kakadu relating to the Ranger uranium mine. Could you provide us with an update of what has happened over the wet season up there since last we had a discussion?

Mr Hughes: There was a fair bit of media coverage, I suppose, of what was going on at Ranger during the latter parts of the wet season. The wet season this year was a large one; it

was the third largest wet season on record. ERA is obliged to operate the mine in such a way that it can deal with the largest wet season on record; that is part of their authorisation. They achieve that by virtue of the number of different contingency measures they put in place during the operations.

Senator LUDLAM: How far back do rainfall records go up there? Can you put into context—with some data, if you could—how much rain they got during this season compared to the averages they expect?

Mr Hughes: The average rainfall for Jabiru is about 1,500 millimetres per year per wet season. On this particular occasion they received just over 2,400 millimetres, so it was significantly larger than normal. The largest wet season on record was slightly over 2,500 millimetres. The rainfall records for Jabiru extend back approximately 30 years, but there is a rainfall record for Oenpelli or Gunbalanya which dates back, I think, in excess of 100 years, and the bureau suggests that the rainfall patterns at Jabiru and Oenpelli are similar.

Senator LUDLAM: So an average wet is 1,500. Are long-period cycles evident in that hundred-year rainfall record, or does it zigzag and bounce up and down?

Mr Hughes: I think there are long-period cycles within the rainfall records, yes.

Senator LUDLAM: I am trying to put it into context. Does the company or does your office have, for example, a definition of a one-in-100-year rainfall?

Mr Hughes: I do not have that off the top of my head. It would be possible to calculate a one-in-100-year rainfall.

Senator LUDLAM: Do not worry about that. I am trying to work out whether the weather has behaved in the way expected by the people who modelled the average rainfalls when they were designing the plant, or has the mine been subject to abnormally high rainfall events—and not just one or two but a series of them?

Mr Hughes: In the past 30 years we have been in a wetter cycle than in the previous 60 years. I would like to correct one point, though. The mine is not designed to operate on mean or average rainfalls. It is designed to be able to withstand an equivalent of the heaviest rainfall on record.

Senator LUDLAM: Which was 2,500. I put it to you that, if they had had another 100 millimetres of rain this year, they probably would have had to dump process water into pit 3; they would have had to undertake some fairly exotic remediation measures so as not to overtop the tailings dam.

Mr Hughes: I think the closest point they came to that decision point was about 100 millimetres, yes.

Senator LUDLAM: I am going to take you through that in a bit of detail because we have time. What is the ERA doing up there to ensure that the serious challenges they faced this wet season will not be faced again if there is another heavy wet this year?

Mr Hughes: ERA commenced construction of a further three-metre lift of the tailings storage facility back in about October. That construction of the raising of the walls of the tailings dam is still more or less on track and will be completed prior to the coming wet season.

Senator LUDLAM: Did you say a three-metre lift?

Mr Hughes: That was what was in the original submissions. I think the ERA is contemplating making that a four-metre lift instead of a three-metre lift, but we have not received any formal notification of that at this stage.

Senator LUDLAM: How much higher is the tailings dam than it was originally licensed for? How much higher is it already than its original maximum expected height?

Mr Hughes: I understand that the original design for the tailings dam was approximately 51 metres.

Senator LUDLAM: The original was 51? How high is it at the moment?

Mr Hughes: We are currently at 54 metres. The suggestion to go for an additional four metres would take it to 58 metres, which would be seven metres over the original design.

Senator LUDLAM: Does that give you any cause for concern?

Mr Hughes: The tailings dam has been lifted in the past and the designs are such that they are in accordance with standard engineering practice. They are appropriately certified by qualified engineers who can do that sort of work. That has also been checked by independent engineers.

Senator LUDLAM: Does the additional height on the tailings dam mean that there is additional hydrostatic pressure which will increase the flow of water from under the tailings dam—which we have spoken of fairly extensively?

Mr Hughes: Some modelling suggests that is likely to be the case. You have additional tailings going into the tailings dam, which in itself also acts as an aquiclude.

Senator LUDLAM: The tailings dam lift is one thing. Is ERA doing anything else that you are aware of to preclude a repeat of what has just happened? It has crippled their mine; they had to close their mine. Presumably they are seeking to avoid that next year. Is there anything else you are aware of, apart from the tailings dam raise?

Mr Hughes: Yes. They are looking at various water treatment plant options to be able to deal with process water.

Senator LUDLAM: Like what?

Mr Hughes: They are looking at some preliminary water softening arrangements, which will allow process water to be treated by a simpler and more rapid water treatment plant. They are also currently undertaking pilot plant studies on a brine concentrator, which I think is being constructed in Melbourne.

Senator LUDLAM: Does that just mean evaporating process water away?

Mr Hughes: Essentially, yes.

Senator LUDLAM: Are any of those things expected to be in place in time for the 2011-12 wet season?

Mr Hughes: ERA is already licensed to undertake process water treatment with its existing water treatment plant. So it can do that work. The proposals to do water softening and pre-treatment to allow the process water to be treated by the existing water treatment plant may well be in operation, or operational during the coming dry season.

Senator LUDLAM: But it sounds as though the company is trusting that the tailings dam raise will be enough to offset the kinds of problems it suffered this year.

Mr Hughes: Essentially the main thrust of being able to manage process water inventory will rely on the tailings dam lift for the coming wet season.

Senator LUDLAM: It will; it is just going to become a huge pond.

Mr Hughes: Yes.

Senator LUDLAM: What modelling and climate change assumptions are you currently working on? Do you care, or do you work with CSIRO or anybody to try to predict what will happen over the next 10 or 15 years?

Mr Hughes: We are involved in discussion with the Bureau of Meteorology. But the problem we have with situations such as those that exist in the Ranger area and probably elsewhere is that natural variation is probably much greater than the amount of drift you are going to see over a small, finite period of rainfall. So the designs need to be able to accommodate extreme events, more so than climate change events. They fall well within the envelope of natural variation.

Senator LUDLAM: I understand. Will the tailings dam lift allow the company to work right through a wet season where they get 2,500 millimetres, if they top out at the highest rainfall?

Mr Hughes: That will depend on a number of assumptions and operational issues. We have asked the ERA to do some modelling on that sort of work so that we can look at that well and truly in the lead-up to the next wet season. Hopefully we will be having that meeting within the next three or four weeks.

Senator LUDLAM: Presumably it is your job, if you do not think that would be enough, to advise the company in any particular direction about other remediation options or other options that will allow them to go right through.

Mr Hughes: I think the best way of managing these things is to allow the company to explain to us how they are going to meet their obligations. It is best for us to set objectives rather than tell them how to do the work.

Senator LUDLAM: How close did the tailings dam come to overtopping or breaching this year; how close was it to full?

Mr Hughes: What we need to understand here is that, when we say that we were within 0.1 of a metre of the maximum operating level, the maximum operating level is not the top of the tailings dam; it is a maximum operating level to provide contingencies for safe management of the tailings dam. So it came within 0.1 of a metre of reaching the maximum operating level, at which stage some other actions would be taken.

Senator LUDLAM: Like what?

Mr Hughes: That would have been transfer of water out of the tailings dam and into some other storage.

Senator LUDLAM: Pit 3.

Mr Hughes: Pit 3 or possibly pit 1.

Senator LUDLAM: As soon as they do that, they turn that entire reservoir into process water, effectively and they have to treat that all the way through.

Mr Hughes: Effectively that is the case, yes.

Senator LUDLAM: So maybe it is just my loose language when I ask how close it came to breaching; but how close did it come to them having to take that kind of action—that is, pumping water away from the dam?

Mr Hughes: It was of the order of 100 millimetres.

Senator LUDLAM: What is the current level and at what rate is it being drawn down?

Mr Hughes: It is currently being drawn down by evaporation. Evaporation is probably of the order of five to six millimetres per day.

Senator LUDLAM: And the company is not siphoning it off, pumping it anywhere or treating it? It is just letting it evaporate away?

Mr Hughes: No. Effectively it is evaporating at this stage.

Senator LUDLAM: And they are losing about five millimetres a day.

Mr Hughes: It may be as much as seven.

Senator LUDLAM: What is the best information you have as to when milling might start up again at Ranger?

Mr Hughes: ERA have some fairly sophisticated modelling programs for their water management systems and their advice is that they hope to be able to commence milling in late July. We have no reason to try and second-guess that.

Senator LUDLAM: I think that information is in the public domain. Late July.

Mr Hughes: Yes.

Senator LUDLAM: What part of the process chain is actually preventing them from milling at the moment?

Mr Hughes: It would be the capacity of the tailing storage facility.

Senator LUDLAM: Just the dam.

Mr Hughes: Yes.

Senator LUDLAM: What about the mining? They have to get the water out of pit 3 before they can start?

Mr Hughes: They have to get the water out of pit 3 before they can start mining at the bottom of the pit. There are probably other levels which they can mine within the pit that are not at the bottom of the pit.

Senator LUDLAM: Understood.

Mr Hughes: I do not know where the ore is and it is of no real import to our organisation to understand mine scheduling and that sort of thing.

Senator LUDLAM: I understand. But they are not mining and stockpiling at the moment, are they?

Mr Hughes: Not to my knowledge.

Senator LUDLAM: Have you been given an indication of when they might start doing that?

Mr Hughes: No.

Senator LUDLAM: Have you undertaken studies, or have you asked the company to undertake them, into the stability of pit 3, particularly in relation to the southern wall and to the embankment with retention pond 2?

Mr Hughes: That probably falls more in the province of the Northern Territory regulator, the Department of Resources, which have the day-to-day responsibility for uranium mining and the engineering experts and so forth to underpin that sort of work. I understand they have asked for assessments of the stability of the mine.

Senator LUDLAM: I would imagine that would be something that would be of concern to you, though.

Mr Hughes: It does not have any direct bearing on the protection of the environment.

Senator LUDLAM: That is interesting. When the NT government has received those studies, will you be requiring to see them?

Mr Hughes: I am sorry, I am not sure that there are any studies in the pipeline. I think these discussions have been held with ERA in the past.

Senator LUDLAM: I probably was not specific. Specifically in the context of the exceptionally heavy wet that they have just suffered up there and the fact that basically the mine is full—they are at capacity, or they are over capacity in one sense—has any work has been done since that wet season about the stability of the pit?

Mr Hughes: ERA maintains a sophisticated monitoring system around the pit walls, using radar or lasers to measure any wall movements at all. So that is constantly being monitored.

Senator LUDLAM: They have not raised any flags with you that there are any issues there?

Mr Hughes: No, I have not heard of any.

Senator LUDLAM: What is the expected public release date of ERA's heap leach EIS document?

Mr Hughes: I do not know the answer to that question, I am sorry.

Ms Dripps: The work on the heap leach EIS document or otherwise is with the Approvals and Wildlife Division, who are scheduled to appear after Mr Hughes.

Senator LUDLAM: Great. I will stick around. Mr Hughes, have you been provided with any reasons for the delay in the release of that document, given that the previously outlined time lines have slipped? I am not asking you to trespass on what the other division is up to, but strictly within the context of the work that you do?

Mr Hughes: I think when you ask the question of the other division who actually manage the process that question will be answered there.

Senator LUDLAM: I am asking whether you have been communicated with. Your office is going to be intimately concerned with the safe operation of that heap leach plant, if it ever gets up and running. How involved are you day-to-day in the assessment process that is underway, if at all?

Mr Hughes: Yes, our division is involved in the assessment process.

Senator LUDLAM: The questions I am putting to you are specifically relating to your involvement, not to the work of the other division. What can you tell us about the reasons for the delay?

Mr Hughes: My understanding of the process is that ERA submits the draft EIS for assessment against its compliance with the guidelines. A number of parties, including ourselves, have provided comments through the people responsible for managing that process, and that advice will be or has been provided back to ERA, which probably seeks additional information. That then places us at the point where ERA is in charge of the timing of the process in terms of actually answering those questions or addressing the concerns that have been raised.

Senator LUDLAM: That sounds like the normal operation of the process, though. If you have not been given enough information by the proponent then you take it back to them and it is over to them. So is that part of the reason for the slippage then, that you required more information—either you specifically or any of the agencies that have been involved?

Mr Hughes: I understand there has been a request of ERA to do additional work.

Senator LUDLAM: Did that request come from you?

Mr Hughes: No. We only feed into the process via the Approvals and Wildlife Division of our department.

Senator LUDLAM: Got it. Thank you. Have you been involved, are you aware of or have you conducted modelling or assessment of the impacts of the water volumes and movements that were experienced during the last wet on the areas that are proposed to be utilised or affected for the heap leach process?

Mr Hughes: I do not believe so, no.

Senator LUDLAM: Is that something that you may be interested in inquiring into? The plant itself is about to be substantially reconfigured if the company gets its way. Is anybody modelling the impacts of the additional rainfall when that new piece of infrastructure is there?

Mr Hughes: I think that when the EIS comes out it will cover off on any of those issues. It will be expected to be, and it will be assessed in that way.

Senator LUDLAM: But that is not something that you have thought about or done any work on?

Mr Hughes: We will wait and see what is in the EIS.

Senator LUDLAM: No, that was not the question. You might choose to respond once you see the EIS. I am asking whether you have had any involvement to date in that particular issue.

Mr Hughes: It is not clear to me what you are actually after here. I just cannot guess—

Senator LUDLAM: No, that is okay. It is certainly not your job to guess. I do not mind clarifying. The unexpectedly heavy wet, or the run of them, that the company have experienced will potentially impact on the siting of the heap leach plant. So the company propose to introduce a large new piece of kit to the existing plant footprint. I am interested to know whether their proposals have been affected in any way or whether anybody has asked the question: what would have happened if that thing had been there during the last wet, during the unusually heavy rainfall that they are experiencing?

Mr Hughes: I will try and explain what I think. During the wet season the groundwater table rises due to infiltration. When rainwater can no longer infiltrate, it runs off. That is the situation, whether it is a large wet season or a small wet season. Almost every wet season the groundwater table charges fully and you get run-off. I think that what happens when you have an abnormally large wet season is that you get more run-off.

Senator LUDLAM: In the context of a heap leach plant, a large one, being dropped into the middle of that environment, has any assessment been done of what impacts that will have on that process that you have just described?

Mr Hughes: I guess any alteration of surface run-off pathways and so forth will be built into the design of the plant and that will appear in the EIS. It will certainly be part of the assessment.

Senator LUDLAM: Then you will consider it. The ERA have stated that they have an extensive testing program located at the Ranger mine and also at sites in Melbourne and Perth that they are using to optimise—in their words—‘the acid heap leach process’. Have you or any of your officers visited any of those sites?

Mr Hughes: Not at this stage.

Senator LUDLAM: Not at this stage. It sounds like you are reserving the right to do so at some point.

Mr Hughes: That is correct.

Senator LUDLAM: Thank you. What is the status in the nature of those trials? You have not visited, but presumably you have a reasonable idea of what they are doing there.

Mr Hughes: Probably the main active issue is the pilot plant for the brine concentrator, which is located in Melbourne. ERA will be running some process water through that plant, I understand, some time in the next month or so. That is probably a key piece of information to see how that plant runs. Theoretically, brine concentrators will concentrate brine for any style of water, but what we would like to see is how it actually works with process water from Ranger.

Senator LUDLAM: Where is that one? Where is that test site? Is that actually on the Ranger site?

Mr Hughes: No. It is at Bundoora.

Senator LUDLAM: That might be at something of a tangent of what I was putting to you—whether there are heap leach process trials going on somewhere that are unrelated to the brine concentration work that they are doing.

Mr Hughes: No. There were heap leach process trials run a significant number of years ago now. There were column leach trials run on the mine site. I am not aware of any actual heaps that were run as tests.

Senator LUDLAM: Process water management is obviously going to be a continuing concern for as long as it rains in Kakadu National Park. Does the company publish a process water statement or a process water strategy?

Mr Hughes: Not to my knowledge.

Senator LUDLAM: Is it in the context of a larger water management strategy that the company produces?

Mr Hughes: The company operates with a water management plan which is submitted on an annual basis for assessment by the Northern Territory Regulator. We assess that and provide comment and input to the Northern Territory Regulator to assist them in their assessment of the plan.

Senator LUDLAM: Do you have any formal input into those, or is that strictly a transaction between the company and the NT regulators?

Mr Hughes: No. We have an input into the assessment of the water management plan.

Senator LUDLAM: Has anything changed since the last wet season in those plans? Has there been a gigantic review or rethink?

Mr Hughes: Not at this stage, no. The process water discussions will probably have an impact on that water management plan in the drafting of the next plan.

Senator LUDLAM: What I am trying to get a sense of is that it must be a pretty big deal if you are running a mine site that has got to close down for six or eight months because it rains. I would have thought there would be some fairly substantial changes to practices, or has the company just said, 'It's fine. We're going to raise the tailings dam. Everything else is working as expected'? Have you seen any major shift in thinking in the way that the company plans to manage water in the future?

Mr Hughes: No.

Senator LUDLAM: No. That is interesting, and direct answers—

Mr Hughes: Sorry, beyond—

Senator LUDLAM: Beyond what we have discussed already.

Mr Hughes: Beyond the discussions about the brine concentrator?

Senator LUDLAM: Brine concentrators and raising the tailings dam. Those are the two key things.

Mr Hughes: They are the two main things, yes.

Senator LUDLAM: Thank you. Can you step us through them? If that was really the key piece of thinking by the company, what was the process that ERA was granted an increase to the maximum operating level during the most recent wet? How does the company come to you and say, 'We need it to be higher'? What is the process?

Mr Hughes: The company approaches the Northern Territory regulator, who is responsible for approving variations to the authorisation.

Senator LUDLAM: That is it. There is nothing stopping them going and asking for another four or five metres in future if it keeps raining?

Mr Hughes: No.

Senator LUDLAM: Can you tell us what the current status of Ranger 3 Deeps is in terms of authorisations and approvals, to the limit to which that falls within your domain?

Mr Hughes: Ranger 3 Deeps is an exploration program.

Senator LUDLAM: We might contest that.

Mr Hughes: No. I feel it is an exploration program because there is no mining access to Ranger 3 Deeps. They cannot be mining.

Senator LUDLAM: They cannot be mining. They are proposing to cut an exploration shaft that will, in fact, be a production shaft if 3 Deeps gets up. We do not have to dwell there. How far progressed is it? What can you tell us about progress on that?

Mr Hughes: As you will recall from previous Senate estimates hearings, the construction of the decline for exploration was judged to not be a controlled action under the EPBC Act, so it is currently going through the standard assessment process for other activities at Ranger mine. ERA have submitted fairly recently a further draft of the proposal for assessment. That is currently undergoing assessment under the standard process.

Senator LUDLAM: Again, with the Northern Territory regulators—not with you?

Mr Hughes: We have an input into the process and we have a role to play, yes.

Senator LUDLAM: What is your understanding of the company's time line for further consideration or making a commitment to that project one way or another?

Mr Hughes: I do not think I can speak for the company on that one.

Senator LUDLAM: I guess I was not asking you to, although it would be great if we could get them in before estimates committees. I was asking for your understanding of what the company has told you about development proposals for 3 Deeps for the exploration phase?

Mr Hughes: You have probably heard a number of dates proposed over time, but I suppose it is all dependent on the approvals process, really.

Senator LUDLAM: Can you tell us what you have been involved with, with regard to the management of mineralised ore that would be accessed during works on Ranger 3 Deeps? The ERA has spoken of an estimated resource of about 34,000 tonnes of ore. Does that figure sound more or less correct?

Mr Hughes: My understanding was that the decline was designed to try and avoid any mineralisation, if possible. I can understand that there are good and sound reasons to do that.

Senator LUDLAM: Sure.

Mr Hughes: Were there to be any ore intercepted inadvertently then I understand that ERA undertook to stockpile that separately.

Senator LUDLAM: The figure of 34,000 tonnes—is that one that you are familiar with? That is not just from the decline but presumably from what they are digging out and bringing back up to sample? Is that figure familiar to you—34,000 tonnes?

Mr Hughes: 34,000 tonnes of what?

Senator LUDLAM: Ore.

Mr Hughes: No. I understand the decline is not intended to hit any ore, so it would not involve any 34,000 tonnes of ore.

Senator LUDLAM: No. But they are drilling down that incline to an ore body and presumably they will need to sample material and bring it back up to the surface. 'No' is fine. If you are not familiar with that figure, that is fine.

Mr Hughes: I think you may be confusing 34,000 tonnes as a sort of resource estimate for Ranger 3 Deeps; is that correct?

Senator LUDLAM: No. I can assure you that I am not. It is ore that has been spoken of. If that is not on the table as far as you are concerned, it is just host rock that they have to cut through to get down to the ore body.

Mr Hughes: Right.

Senator LUDLAM: It is not your expectation that ore will be stockpiled on the surface or that it will have to be dealt with as a result of that exploration shaft?

Mr Hughes: It is my understanding that they are not intending to access any ore using the decline. The decline is designed to provide a base underground from which to undertake detailed drilling.

Senator LUDLAM: Thank you. Can you tell us how the company is going with the rehab trials on the Magela land application area?

Mr Hughes: I am not aware of any rehabilitation trials on the Magela land application area.

Senator LUDLAM: That is interesting. You are not aware that they exist at all?

Mr Hughes: No. There is a trial land form which is being constructed on the site, an eight-hectare trial land form.

Senator LUDLAM: That sounds consistent with what I have got here.

Mr Hughes: Okay. That is not on the Magela land application area. That is actually adjacent to the tailings dam.

Senator LUDLAM: I am not sure whether it is the same one that I am referring to. Just in case it is, do you want to tell us what the findings are from that—if there have been any?

Mr Hughes: ERA undertook the construction of this land form pretty much at the request of other stakeholders who wanted to see that they could demonstrate rehabilitation strategies that would work in the lead-up to being able to rehabilitate the site. It is also a good learning opportunity for ERA to try some different things—hence it is known as a trial.

A number of different rock treatments were put onto that land form. Preliminary results show that it is probably better in terms of revegetation to use rock treatments that do not involve clay materials at the surface and to use just waste rocks because the clay materials tend to cause ponding and pooling. So that actually has created some mortality in the trial revegetation works. The revegetation trials themselves have shown that—and not surprisingly—tube stock planting appears to be more successful than seed planting. In addition to all of that, we have also put erosion plots on those trial land forms which we are managing in joint venture with ERA to monitor sediment outfalls and outputs under various conditions. So we are recording incident rainfall and sediment outlooks and so forth from the site. That is an ongoing study.

Senator LUDLAM: Are they reporting through their MTC or does the company have some sort of public reporting schedule for that work?

Mr Hughes: They report through the MTC, but they also report to the Alligator Rivers Region Advisory Committee on results and also to the Alligator Rivers Region Technical

Committee, who have been instrumental, I suppose, in pushing ERA to construct that trial land form. In fact, we took members of the Alligator Rivers Region Technical Committee to that site for an inspection back in April.

Senator LUDLAM: That is important work, if that is the first piece of trial work on what that landscape is going to look like when the mining is concluded. I will probably ask you about that in future. When did that work commence?

Mr Hughes: A couple of years ago, I think.

Senator LUDLAM: In that vein, what implications will the current expansion plans have for the effective cessation of mining processing by the end of 2020, which is the plant's licence condition? If the heap leach plant gets up and if the 3 Deeps proposal gets up, which I think are the two most significant expansion plans that are afoot, what does that mean for the proposal to close the facility—or it is the condition that it will close by 2020?

Mr Hughes: The current expansion plans, as you call them, involve the heap leach project. That heap leach project has not altered the mine plan in terms of the period at which the mine would operate on the site. The 3 Deeps project is not a current expansion plan because there is no such plan. I see you smile. Yes, it would be silly to—

Senator LUDLAM: You are not digging holes for the fun of it.

Mr Hughes: No. That is correct.

Senator LUDLAM: Mining companies do not do that.

Mr Hughes: That is correct. But it is not currently a plan per se. It is not in the current mine plan to actually mine anything associated with the material that has been identified in the Ranger 3 Deeps.

Senator LUDLAM: So they are just going down there to have a bit of a hypothetical 'look around'. Would it be hypothetical to put it to you that if 3 Deeps proves to be viable, it would be a reasonable expectation then that they would be pushing that facility's life well beyond 2020?

Mr Hughes: I would say that it would not be possible to mine any materials within the current mine plan from that deposit, yes.

Senator LUDLAM: Yes.

Mr Hughes: Yes.

Senator LUDLAM: That is what I thought. The heap leach would stay within the 2020 envelope?

Mr Hughes: That is correct.

Senator LUDLAM: Can you tell us, apart from the little trial that you were just describing for us, where the rehabilitation and closure planning is up to: the final mine closure—again, if you will—for that plant?

Mr Hughes: The section 41 authority under which Ranger operates has a requirement for Ranger to submit an annual plan of rehabilitation that would be based on the mine closing on 31 March in any given year. That is the current rehabilitation plan.

Senator LUDLAM: Sorry, just step through that again for me.

Mr Hughes: The Ranger project area operates on what is called a section 41 authority under the Atomic Energy Act. That authority requires that ERA submit an annual plan of rehabilitation based on the hypothetical situation that the mine ceases to operate on 31 March in that year. So that means that at any given time there is a rehabilitation plan which is no more than 12 months out of date, which takes into account the current state of play on the mine site.

Senator LUDLAM: Got it. So there is loose talk around in the investment community at the moment about maybe just shutting the place down now, since it is in such enormous trouble. That being the case, if Rio's board decided that that is what they wanted to do, they would use that current rehab plan that is on the desk at the moment that is reviewed and updated every year?

Mr Hughes: I would not want to speculate on things like mine closure and so forth—

Senator LUDLAM: No; that is my job.

Mr Hughes: but the plan itself is designed specifically to cover exactly that sort of contingency.

Senator LUDLAM: That kind of contingency. Are those plans public documents?

Mr Hughes: I do not believe so.

Senator LUDLAM: The company has worked pretty hard in the last couple of years in terms of moving these documents through groups like the ones we have just been speaking of, the technical committee and so on—the various ones that are up there in the region. What involvement or consultation have they had in the production of those closure plans? Does anybody outside your office and the company know what is in those?

Mr Hughes: Yes.

Senator LUDLAM: I asked you about three questions. Which one does the 'yes' relate to?

Mr Hughes: Yes, there are other parties who have an input into the assessment of those documents.

Senator LUDLAM: Including, for example, the MTC. Do they get to see those things?

Mr Hughes: Yes. All the MTC members are privy to the draft plan of rehabilitation for the assessment purposes.

Senator LUDLAM: So they get to see those. The company's obligations—I forget exactly what the language is as it is drafted—are basically to contain and isolate the tailings material for a period of not less than 10,000 years. When we are talking about this rehab document that is updated once a year, does it provide for that? Does it provide for that site to be returned to the condition prior to mining? Is that what that document actually does?

Mr Hughes: Essentially.

Senator LUDLAM: How much money does the company have in the bank to provide for executing that plan?

Mr Hughes: I cannot tell you the exact figure because I think it is currently in the process of being negotiated between ERA and Resources, Energy and Tourism.

Senator LUDLAM: I want to come back to water management, if I can, because obviously that was the story of this last wet season. Can you tell me what per cent of process water is currently being treated in the water treatment facility?

Mr Hughes: I would say it was insignificant.

Senator LUDLAM: Insignificant. Is that because, as you were telling me before, they are just evaporating off the surplus process water?

Mr Hughes: Yes.

Senator LUDLAM: So 'insignificant'—is that zero or is that a number slightly larger than zero?

Mr Hughes: ERA are authorised to treat processed water with the water treatment plant during the dry season. Since the conclusion of the wet season, which for the purpose of this exercise is 30 April, I do not believe that they have restarted processing of processed water by the water treatment plan because they are focusing on treating pond water with the water treatment plant.

Senator LUDLAM: Can you tell us what the current status of the Jabiru East accommodation village is and what works are expected during this current dry season?

Mr Hughes: The last advice I had at a mine site technical committee meeting was that the project is on hold pending discussions between ERA and the traditional owners.

Senator LUDLAM: It is on hold pending those discussions. So you cannot necessarily comment on what works might be expected; they are still discussing the plan?

Mr Hughes: I believe that it has been suspended.

Senator LUDLAM: Through consultation—so I will not ask you to comment on that. There has obviously been quite a bit of discussion about the shortage of skilled personnel as a real constraint on plans for the expansion of the uranium sector in Australia more broadly. How would you characterise ERA's capacity in relation to accredited radiation scientists and radiation safety specialists?

Mr Hughes: This was a concern for us for some time. Stakeholders actually made the point to ERA that they were concerned about that and ERA went through a significant recruitment campaign over the past 12 months or so. They have now actually got quite a number of additional people in their radiation safety section. I believe that they have adequate capacity.

Senator LUDLAM: They do now?

Mr Hughes: Yes.

Senator LUDLAM: Can you tell us how many radiation specialists are engaged by ERA at the moment?

Mr Hughes: I cannot give you the exact number.

Senator LUDLAM: Is that something you could take on notice for us?

Mr Hughes: I will take that on notice, yes.

Senator LUDLAM: Thank you. In 2010 a calciner from the original Ranger plant was decommissioned. It was welded shut. It was disposed of in pit 3. It is a piece of infrastructure weighing about 90 tonnes. At times there were concerns about the impact that that placement

might have on consolidation, on settled density patterns and other impacts regarding long-term tailings containment in pit 1, and particularly whether the vessel might float—which would be unfortunate. Have any of those early concerns been borne out? Has any evidence subsequently been provided by ERA in relation to that?

Mr Hughes: Firstly, I would correct that it is actually pit 1, not pit 3.

Senator LUDLAM: I beg your pardon; you are quite correct. They would not be dropping that into an active pit. He is pretty sharp! So tell us about what is going on in pit 1 with this gigantic thing that they dropped in there.

Mr Hughes: I understand it is sitting on a bench. It is not actually within the tailings mass itself.

Senator LUDLAM: What happens with the tailings mass?

Mr Hughes: The tailings mass does not go any higher in pit 1. It has reached its level—

Senator LUDLAM: So it just sits on a bench; that is that?

Mr Hughes: It will be disposed of appropriately, and ERA will need to demonstrate that it will not float. I have specifically asked them to do that.

Senator LUDLAM: That sounds like a very sensible idea. When you say disposed of properly, does that mean cut into pieces and dumped? What does that mean?

Mr Hughes: No. If they can assure us that it will have a negative density then it can be placed on the tailings surface and covered with waste rocks and it will be fine.

Senator LUDLAM: And that will just gradually sink into the tailings mass?

Mr Hughes: If it goes anywhere at all.

Senator LUDLAM: If it moves about at all; okay. Thank you. I have a couple of questions if I may, Chair, on your activities outside the Alligator Rivers region, which would probably relate to here.

CHAIR: I have some questions on this, to give you a spell. Mr Hughes, on your website you say that Nabarlek has been substantially rehabilitated?

Mr Hughes: Yes.

CHAIR: Has there been a survey of the biological diversity done, in relation to this rehabilitation?

Mr Hughes: When I say it has been substantially rehabilitated, we are talking here about the fact that the majority of required earthmoving and other infrastructure type activities have concluded. At this stage there has not been any definitive work done on biodiversity of the site, nor has the revegetation been signed off. So the answer to your question is no, there has not been any substantial biodiversity survey done. Some studies were undertaken back in about 2000 or so on landscape functional analysis, which involved some studies of biota on the site.

CHAIR: Why has that work not been done? First of all, how long has the site been closed?

Mr Hughes: Mining at Nabarlek was undertaken during 1980, I think it was, and then the processing plant operated from 1981 to 1988, at which stage the ore had been exhausted. During that processing, though, the tailings were placed back in the pit because the mining

had been done ahead of the processing. The place was kept on long-term care and maintenance until about 1995, in the event that the operator of the mine might be able to find some additional ore and be able to utilise that plant for ongoing processing. By the time it got to 1995, the operator decided that it would not maintain the plant in long-term care and maintenance any longer and at that stage would backfill the pit and remove all the earthworks infrastructure on the site. So the pit was backfilled with waste rock and the evaporation ponds on the site were cleaned up, harrowed and seeded for revegetation purposes.

The site then lay more or less fallow, with minor maintenance type work going on—things like maintaining drains, maintaining fences, looking after feral animal numbers on the site and so forth. Some revegetation trials were undertaken by that operator. It was concluded by the regulator, in concert with discussions with ourselves and others, that the revegetation that had occurred on that site was not satisfactory—

CHAIR: What year was that?

Mr Hughes: That was probably in the period from 1995 through to maybe 2003 or 2004. Subsequent to that, another uranium explorer company has purchased the lease by purchasing the company that used to operate Nabarlek because the company was now defunct. So Nabarlek now belongs effectively to a group called Uranium Equities Ltd, and Uranium Equities Ltd are involved in mineral exploration for uranium in the Nabarlek area. As this has been their principal activity in the area, they have not been attempting to get final close-out of the site; however, they have been undertaking additional monitoring and rehabilitation works on the site. So they have done some clean-ups and they have been doing a substantial amount of revegetation work and weed management on the site while they have been conducting their exploration program.

CHAIR: Uranium Equities, I would assume, assumed all of the legal obligations that Nabarlek had for rehabilitation?

Mr Hughes: That is correct.

CHAIR: Was there a time frame for the rehabilitation to take place after final operation?

Mr Hughes: No.

CHAIR: How would you describe the land now in terms of its condition?

Mr Hughes: The work that is being undertaken by Uranium Equities Ltd is actually improving it; so the site is getting better every year in terms of the diversity and coverage of revegetation and the reduction in the weed numbers around the place.

CHAIR: Is that better from a disastrous condition, a reasonable condition or a good condition? What does 'better' mean?

Mr Hughes: I think that, without being able to quantify it, the site was not too bad. It was pretty reasonable, other than the fact that the revegetation was not particularly successful. Uranium Equities, while they are out there exploring and working in the area, are actually undertaking this revegetation work. So there is a significant improvement in the revegetation that is occurring on the site. It is probably improving from a reasonable level to a better level.

CHAIR: So it could be decades before we ever get back to not a reasonable but a good condition?

Mr Hughes: Potentially, yes. But what we have to bear in mind here is that Uranium Equities are probably hopeful that they will find more ore on that site and then be responsible for further disturbances. So they have limited the amount of effort that they have put into that rehabilitation work while they have been undertaking it.

CHAIR: These leases could go on in perpetuity and that land could never be back to a pristine level; is that possible?

Mr Hughes: Potentially so.

CHAIR: Is that consistent with the obligations that Nabarlek had?

Mr Hughes: I am not aware of the details of the deed of settlement between the mining company and the traditional owners. Nabarlek is actually situated in western Arnhem Land.

CHAIR: You have an overview of that, don't you?

Mr Hughes: We do have an overview of it, yes.

CHAIR: And part of your overview is to make sure that the environment is protected?

Mr Hughes: That is right. As I say, I have concluded that it is on an improvement trajectory and not a static trajectory, which is fine under the circumstances, considering that there is still ongoing mineral exploration work occurring on the site.

CHAIR: Rather than trying to explore it all here this morning, could you provide some details as to what Nabarlek's obligations were that you have responsibility for? Nabarlek obviously had some environmental conditions applying to their operation.

Mr Hughes: The environmental conditions for Nabarlek's operations were attached to their authorisation issued by the then Northern Territory department of mines and energy, I understand.

CHAIR: But don't you know what they are?

Mr Hughes: I am sorry; those conditions were attached to the authorisation and we provide input into the regulatory process.

CHAIR: I am trying to get an idea, after 20-odd years of inactivity at the mine site, of what the expectations are. If there is ongoing mining then the expectations are zero for further rehabilitation. Is that a possibility?

Mr Hughes: It would depend on where mining was occurring, because the rehabilitation is probably situated around the old mine site, naturally enough, where the disturbances were in the past.

CHAIR: The point I am trying to get at is: can this mine site come back to a pristine level?

Mr Hughes: I would suggest that it could be pretty much indistinguishable from the surrounding countryside.

CHAIR: But we are a long way from that at the moment, aren't we, because of the pending or possible mining activities?

Mr Hughes: If you were to drive out there and look at it, it does not look a long way from that.

CHAIR: It does not?

Mr Hughes: No. There is still some infrastructure on the site.

CHAIR: But 'looking like' does not mean properly restored, does it?

Mr Hughes: No; that is correct. No mining company that is responsible for that will actually get sign-off to be able to walk away from that site while ever it is not satisfactory.

CHAIR: But it does not really matter; if they just keep saying, 'We're going to do exploration,' it might never be rehabilitated in our lifetime.

Mr Hughes: That is true. But I think what I take heart from is the fact that, despite the fact that there is exploration actively happening on that site, we are also seeing rehabilitation works happening and the trajectory is positive.

CHAIR: What I have read on your website is that Nabarlek is in an area with massive biological diversity; 50 to 100 species of plants and a third of the bird species of Australia are in that area. So, after 15 years of inactivity, no-one has looked to see whether that biodiversity has been recovered. That is what concerns me. It seems to me that it just goes on in perpetuity.

Mr Hughes: Yes. The area of disturbance is relatively small, so it has not had a significant effect on the regional biodiversity.

CHAIR: Can I now come to the Alligator Rivers Region Advisory Committee?

Mr Hughes: Yes.

CHAIR: I have had a quick look at two sets of minutes of those meetings: 21 April and 25 August. On 21 April, there were 12 apologies and 12 attendees; and, on 25 August, there were 12 in attendance and nine apologies. Is it normal to have about 50 per cent of the committee in attendance at any one period?

Mr Hughes: A number of the parties may have interests that might not be affected at any given time. So it is expected that the members would turn up for meetings but, if they believe that there is nothing of relevance happening from the point of view of their own stakeholder group, perhaps they may choose not to attend. But the main affected parties always attend.

CHAIR: How would they know if their interests are being determined at that meeting?

Mr Hughes: Perhaps through reading previous minutes or maybe they make inquiries of related groups in the area.

CHAIR: Looking at previous minutes would not tell you what is going to be on. I have done a few minutes myself in my day and they do not tell you what will be on the next agenda.

Mr Hughes: But we do circulate the agenda for the next meeting, along with a whole lot of meeting papers, ahead of the meeting. They are posted on the website for members' viewing ahead of time.

CHAIR: How long ahead of time?

Mr Hughes: Generally more than a week.

CHAIR: Could you give me some figures on the attendance at the meetings over the last five years, in terms of the numbers of apologies? That should be a pretty simple calculation.

Mr Hughes: We could provide that on notice, I think. I would not be able to tell you that at the moment.

CHAIR: Of course, yes.

Mr Hughes: I would just make a comment, if I may, about that. Although there are a number of members who give their apologies, they also have deputies turn up for some areas. Also, we have quite a number of people who attend as observers. So there are often a lot of people at those Alligator Rivers Region Advisory Committee meetings.

CHAIR: That is good. I am not really worried about or interested in observers; they have no status on the committee other than to observe. I am interested in the actual operation of the committee to make sure that it is operating effectively and consistent with the obligations that the committee has.

I notice that the ARRTC has a number of members and there is a vacant appointment pending which I would have thought was one of the important appointments, and that is an appointment for a hydrology and hydrogeology expert. Has that been filled?

Mr Hughes: There are some recommendations that we have been provided with and they have been sent to the minister.

CHAIR: For how long has this position been vacant?

Mr Hughes: Probably since about the middle of last year, I believe.

CHAIR: Would that be a normal time—12 months—to replace a hydrology and hydrogeology expert on your committee?

Mr Hughes: It is very difficult to get hydrogeologists to undertake any form of work.

CHAIR: Is that true?

Mr Hughes: It is very difficult, yes.

CHAIR: They do not want to work; is that what you are telling me?

Ms Dripps: No. They do want to work. There is, in fact, a recognised skill shortage in Australia of hydrogeologists.

CHAIR: There is a shortage in Australia?

Ms Dripps: Yes.

Mr Hughes: I might explain the appointment process for that committee, if I could.

CHAIR: Sure.

Mr Hughes: In order for us to ensure that we receive people with appropriate expertise and independence, the Federation of Australian Scientific and Technological Societies is asked to provide nominations for people in those independent expert positions. The majority of the delay in the case in point has been with us actually extracting that nomination from FASTS; it has been a difficulty.

CHAIR: I know that there is a difference between short-term weather instances and long-term climate change, but what is the length of these mines' lives? What is the longest projected life span of one of these mines?

Mr Hughes: Do you mean specifically the mines in the Alligator Rivers region?

CHAIR: Yes.

Mr Hughes: I would probably be going into some improper speculations if I wanted to go beyond what the current situation at Ranger is. But Ranger commenced more or less in 1980

and it is scheduled to complete operations in 2021. There will be a rehabilitation phase after that.

CHAIR: So there could be activity on that site for another 20 years maybe?

Mr Hughes: Yes, it is possible.

CHAIR: Does your committee have a look at the CSIRO and the Climate Commission scientific work that is being done in the Northern Territory?

Mr Hughes: Do you mean in terms of climate change?

CHAIR: In terms of climate change.

Mr Hughes: It is on the agenda and recognised by the Alligator Rivers Region Technical Committee as an issue and it is put up constantly at meetings that this needs to be contemplated when we are looking at our research needs in the area and also for regulatory purposes. So, yes, it is on the agenda.

CHAIR: When was it first discussed at the technical committee? You can take that on notice, if you like.

Mr Hughes: I would have to take it on notice to search it out. But I do recall it was more than three or four years ago.

CHAIR: What type of discussions are taking place about the challenges of climate change in the Alligator Rivers region and the implications for the mines?

Mr Hughes: Again, one of the things often discussed is the potential for extreme events to have a much more significant effect on anything that happens on those sites than climate change because of the time frames involved.

CHAIR: You are a scientist, Mr Hughes?

Mr Hughes: I am, yes.

CHAIR: People tell me that there are scientists that do not believe that there is a problem with climate change. Are you one of those?

Mr Hughes: I am sorry; are you asking me whether I believe there is climate change?

CHAIR: Yes. Are you part of the scientific community that believes that there is an issue that has to be dealt with in relation to climate change?

Mr Hughes: Yes, I would say so.

CHAIR: I understand that one of the issues in that Alligator Rivers area is the frequency and the scale of tropical cyclones.

Mr Hughes: Yes.

CHAIR: Have you had a look at the debate in relation to that?

Mr Hughes: We have looked at it. I do not think we have reached a point where we have enough data to draw any real conclusions about that.

CHAIR: But I do not think there is data, really, other than that the ocean is warming and that this will create more extreme circumstances. I think that is about where it is at at the moment. But it is, I think, generally an agreed scientific fact that, if you warm the ocean, you get more intense cyclones; is that right?

Mr Hughes: Yes, I understand that. That is quite correct. The thing is that the increase in the number of cyclones is something which is not specific to the Alligator Rivers region; it is a universal problem in the world and in Australia.

CHAIR: Yes; but what is specific to the Alligator Rivers region is uranium mining.

Mr Hughes: Yes.

CHAIR: There has to be, in my view, some long-term planning, if you are still going to be up there for 20 years, as to how you plan for the potential of stronger cyclones, more frequent cyclones and probably more extreme events in terms of rain. Surely, that is something that should be happening on the technical committee, not just talking about it but actually doing something about it?

Mr Hughes: Yes. The technical committee—I do not know if you have read any of the minutes of the meetings or anything—has devolved a document called the *Key knowledge needs*. It is a list of what it considers to be all the reasonable or reasonably expectable research needs for the Alligator Rivers region, particularly in the context of the impacts of uranium mining or the impacts on uranium mining. So that document exists and it is under constant review by the technical committee.

CHAIR: How many pages is it, roughly? Is it a very long document?

Mr Hughes: It is probably in the order of eight or 10 pages.

CHAIR: Could you provide copies of that to the committee? I think we would be interested in looking at what is being done. I am interested, anyway.

Mr Hughes: We append that document to our annual report.

CHAIR: So I can get it from the annual report?

Mr Hughes: It is actually in our annual report.

CHAIR: I will have a look at that. Your website also talks about Ranger having a number of environmental challenges. Those environmental challenges, I suppose, are listed in your annual report as well?

Mr Hughes: I could not—

CHAIR: Where can I find these environmental challenges and what has happened with them?

Mr Hughes: I think that is probably a general view of the fact that an operation like Ranger will have environmental challenges.

CHAIR: So they have not been delineated?

Mr Hughes: No.

CHAIR: Why not?

Mr Hughes: We are aware of what needs to be managed on the site; we just do not have a definitive list of those things in that way.

CHAIR: Wouldn't it be prudent management to delineate the list?

Mr Hughes: I am sure it is; I just cannot think of where I could put my finger on the comprehensive list of what would be considered to be environmental risks that need to be managed on the site.

CHAIR: Mr Hughes, can I just alert you to the fact that I might come back to this at future estimates.

Mr Hughes: Yes; sure.

CHAIR: I would like you to have a look at that.

Mr Hughes: Yes; and I will probably have quite a clear answer for you. I just do not have it at the moment.

CHAIR: Yes, I am sure you will. I am just raising it with you; I am interested.

Mr Hughes: Yes; thank you.

CHAIR: If there are these things, I want to follow them through.

Mr Hughes: Absolutely.

CHAIR: Senator Ludlam?

Senator LUDLAM: When do we finish up in this bracket?

CHAIR: I think it is 12.

Senator Conroy: Lunch is at one o'clock.

Senator LUDLAM: Lunch is at one o'clock; but, with the OSS, I am going to do two brackets of three minutes each, because the chair piqued my interest in Nabarlek and I went back and did a bit of reading. In August 2003, when they closed the Nabarlek mine, my understanding is that about 95 per cent of the money that had been held in a trust fund by the company for rehab was instead transferred by officers in the NT government back to the company, who took off with that. Is it your understanding that that was done—before I go to a second question?

Mr Hughes: No, that is not quite right. The bond that was held by the Northern Territory department of resources or its predecessor organisation dated back to 1991, which pre-dated the earthworks rehabilitation. You may recall that I said that in 1995 the pit was backfilled and the waste rock dumps were placed back and so on. The bond that dated from 1991 was, I think, in the order of \$10 million, and that was in the form of a company surety. So it was a letter of surety from the owner of the company at that stage; it was not physical dollars. In 2003, the Nabarlek site had to submit a mining management plan under changed Northern Territory legislation; there was some new legislation entered into in the Northern Territory which required that bonds were physically held dollars and not letters of surety.

Senator LUDLAM: So in exchange for letting them off from 95 per cent of what was held in surety, did they ask for a bucket with \$10 million in it?

Mr Hughes: No. The \$10 million surety letter, as I said, pre-dated the earthworks. So much of those dollars would have been required for the earthworks rehabilitation. In the event, when it was reviewed in 2003 or thereabouts, that earthworks had actually been undertaken and no longer needed to be funded.

Senator LUDLAM: So 95 per cent of the rehab was done, or roughly that figure, and that is why that amount of money was forgiven?

Mr Hughes: In essence, that is the way it worked. This was done by the Northern Territory department of resources under the Northern Territory Mining Management Act.

Senator LUDLAM: Yes. In retrospect, maybe we should have hung on to a bit more of that money, given that the site still requires remediation a decade and a half later.

Mr Hughes: A succession of mining management plans have been submitted in accordance with the Mining Management Act and I understand that the bond has been increased since that time to better reflect the situation on the mine site, using what is considered to be standard practice by the Northern Territory government for the holding of those bonds. So my understanding is that the bond is appropriate for the condition of the mine site at the moment.

Senator LUDLAM: And the Ranger footprint is 100 times larger at least than Nabarlek. Are you aware of any mine site of the scale of Ranger anywhere in the world that has been successfully rehabilitated back to its former state?

Mr Hughes: I know of a mine in what was East Germany where a very large pit, some seven kilometres in length, was backfilled and I think it has been returned to farmland.

Senator LUDLAM: I might pursue this when we have a bit more time, next time we see you. I want to skip quickly to WA and the 'services', if I could describe them as that, that you are providing to some of the proponents in Western Australia. You indicated in some answers that you took on notice—and thank you for responding—that you have provided technical advice on Kintyre, Yeelirrie and some of the projects that are proposed at Wiluna. Can you provide us—and I know that we are a bit short of time—with technical advice on what issues and any detail at all of exactly what it was that you have provided for those proponents, whether it was direct to the proponents or to the WA state government?

Mr Hughes: It is not provided direct to the proponents; it is provided to the approvals and wildlife division of our own department.

Senator LUDLAM: Could I ask you to take on notice, given that time is fairly short, providing us with some detail on the precise nature of the services that you are providing to the department?

Mr Hughes: We can take that on notice.

Senator LUDLAM: Do you think you will be able to release more or not?

Mr Hughes: I think that the approvals and wildlife division would know what the current state of play is on those particular projects, where they are at, and may be able to provide you with more detail on them.

Senator LUDLAM: That is the Commonwealth department?

Mr Hughes: That is correct.

Senator LUDLAM: Have you provided anything at all through the state government?

Mr Hughes: No.

Senator LUDLAM: Nothing at all. Have they asked you for your expertise?

Mr Hughes: No.

Senator LUDLAM: You and your staff have not visited the sites, I presume?

Mr Hughes: I understand that the assistant secretary, as the branch head of the office of the Supervising Scientist, has been to Yeelirrie.

Senator LUDLAM: It is a pretty place. Is that who is handling that? Is that the lead person in your office for the WA—

Mr Hughes: His branch looks after those assessment works, yes.

Senator LUDLAM: I would also ask you to provide on notice the dates that information was submitted to the Commonwealth department.

My last question—because I know that we are out of time—is whether or not you have provided any advice at all of any kind on the matter of ERA's 10,000-year responsibility for the disposal of tailings. As far as I am aware, that is a unique licence condition anywhere in the world. The tailings will obviously be toxic for much longer than that, but it is a good start—a 10,000-year responsibility. There is a motion before the WA parliament on extending that licence condition to any new uranium mines—if it is good enough for the territory then it should apply elsewhere. At any time have you been asked for advice or have you offered advice on how on earth that is to be achieved?

Mr Hughes: I personally have not. I do not know what input the Supervising Scientist at the time that that was developed had. That probably would have been Bob Fry back in the 1980s, I would imagine.

Senator LUDLAM: My specific question was whether the state government or at any time any other Commonwealth minister or department has asked you for advice on the 10,000-year licence condition?

Mr Hughes: Not that I can specifically recall. We do undertake assessment works of any proposals in the dealing with tailings on the mine sites.

Senator LUDLAM: I understand that. I am asking specifically about the 10,000-year responsibility. I think it is an important precedent that we set, and obviously we are determined to make sure that it is applied to other projects. Could you undertake to go through your records and provide us with a precis on that issue specifically, where it came from? If you could confirm for us on the record whether it is accurate that you have not since then submitted or provided advice.

Mr Hughes: I will have a look. I will take that question on notice and see what we can do about that.

Senator LUDLAM: I greatly appreciate that. Thank you, Chair.

CHAIR: Thanks Mr Hughes for your evidence today.

[12:02]

CHAIR: I now call officers from the department in relation to Program 5.2, Environmental Regulation.

Senator BOB BROWN: I want to ask about the Threatened Species Scientific Committee and its decision not to list the koala. Can you explain to this committee why that decision was made?

Ms Dripps: Senator, before I pass over to Ms Colreavy and staff from the division, can I just put on the record again that the decision to list the koala is a decision that is made by the minister. The Threatened Species Scientific Committee makes a recommendation to the minister and provides analysis of the scientific information that is available on the distribution of the koala. They do not actually make the decision. I need to—

Senator BOB BROWN: What was the recommendation to the minister?

Ms Dripps: The recommendation was as has been tabled to the Senate committee inquiring into the status of the population of the koala. I have not got the detail in front of me. It was not an equivocal recommendation to list the koala.

Senator BOB BROWN: It was not a—

Ms Dripps: It was not a very strong recommendation to list the koala. I am going to pass across to Deb for the detail of what the advice was.

Senator BOB BROWN: The question I am asking is: why was it not a recommendation to list the koala? How did the scientific committee come to that finding?

Ms Callister: Thank you, Senator. We had a discussion about this last week, you will recall. How the process operates is that the Threatened Species Scientific Committee goes through a lengthy process of looking at available information on koala populations. As part of their process, they had a workshop where they invited experts who specifically provided them advice on available information on koala population size. They also conducted a public consultation and an expert consultation phase. Then they brought all that information together. The conclusion that they made, which has been made publicly available, is that, while the koala may potentially be eligible for listing as vulnerable, they had concerns that the population data were not sufficiently rigorous at this stage for them to make that conclusion. I think the key issues there were in relation to the broad population scale of the koala and the patchiness of some of the population information.

Senator BOB BROWN: So the committee is of the view that, where it does not have sufficient information about a species, it cannot make a finding that it should be listed?

Ms Callister: In this particular instance, that was the committee's advice to the minister.

Senator BOB BROWN: Why would this be any different to looking at any other species?

Ms Callister: I do not think it is any different, in the sense that what it has done is made its decision based on the available information. Of course, the decision varies depending on what the species is and what is known about it.

Senator BOB BROWN: If I may—

Ms Dripps: Senator Brown, a request was made that the committee be available—

CHAIR: Ms Dripps, allow Senator Brown to finish his question. This is a role reversal. I am usually protecting you guys. Senator Brown.

Senator BOB BROWN: The question was about this species, the koala, and the conclusion that there was not sufficient information upon which the committee could recommend its listing as vulnerable or indeed a higher listing than that. The evidence that the Senate committee looking at the koala has had is that there is more information about this species than there is about almost any other marsupial in Australia. The evidence is also that its population is falling. There are fewer than 100,000. Compared to two million having been shot in one year in the 1920s, there are fewer than 100,000 nationally. The fragmentation is a real concern about the koala's future, with loss of habitat. You will know about the several diseases which are threatening it, as well as dog predation and road kills.

What I am trying to find out is why the committee, faced with that situation, and more information—I do not know of any other species where it has had more information—decided not to recommend that it be listed?

Ms Callister: I can only provide you advice based on the advice that the committee has made publicly available. It is the committee's decision, so it would not be appropriate for me to speculate as to why they came to that particular conclusion.

Senator BOB BROWN: Then the question, to me, is: is the committee available for us to ask questions?

Ms Dripps: They are available. That is what I was trying to interject with.

CHAIR: Is the doctor there?

Dr Grimes: I want to assist the committee. I understand that the committee is wanting to ask questions of the Threatened Species Scientific Committee here today. Maybe to clarify, Rosemary Purdie, here at the end of the table, is a member of the Threatened Species Scientific Committee. It may be more appropriate to be asking the questions directly of her so that she can respond on behalf of the committee. I am just trying to clarify that for you.

CHAIR: Welcome to the Senate estimates. It is quite an enjoyable experience. I thank you for making yourself available. I know it is pretty short notice. We appreciate you making yourself available. Did you want to make an opening statement?

Dr Purdie: If I could just make a very brief comment first. Thank you for asking the committee to attend the Senate estimates. I have to apologise on behalf of my other committee members. They have been unable to come at such short notice. The reason that I am here instead of them is that I live in Canberra and I have been able to adjust my schedules to be here today.

Having said that, I am a botanist; I am not a zoologist. Three of the members of the committee that do have a zoological background will be able to attend, it appears, the next hearing of the koala inquiry.

Senator BOB BROWN: In Melbourne?

Dr Purdie: I am not sure where it is. I know they are making plans to try to attend that. There will be the possibility for your committee to ask very detailed questions of them around the way that the committee operated, the way that they analysed the data. What I am able to do is talk about general process. If you ask me questions about detail that I feel as a botanist, a plant person, I am unable to answer appropriately, I am just going to say, 'Pass. Hold that, I would suggest, for those other three members.' I am not saying that to be obstructive. It is just the reality of my expertise.

Senator BOB BROWN: Just as a botanist, where does the precautionary principle come into the listing of species? We hear that enough information was not available. When we are looking at species which may be headed for extinction in Australia, which, as you and I know, has got one of the worst records in the world for extinction of species since the Industrial Revolution at least, ought not the precautionary principle, which is up there at the front of the Environmental Protection and Biodiversity Conservation Act, be invoked?

Dr Purdie: You are correct, Senator, that the EPBC Act is predicated around the precautionary principle. The way that the committee assesses any species for listing under the

act is directly related back to specific criteria for listing. There are five criteria against which we assess the information.

You mentioned that there were very big population crashes of the koala back in the early 1900s. While that is true, that fact is not actually relevant to the way that the committee assesses the information. Under the criteria, we are required to look at it within the case. For example, one criterion, which is the key criterion relevant to the koala, is: what is the term of the immediate future? It is 10 years or three generations, whichever is the longer. For the purposes of the committee's consideration, it would be looking at a time frame of about 20 years, which is roughly three generations for the koala. The committee is required to assess all of the information available to it against that sort of time frame.

Senator BOB BROWN: On that, I was listening to Radio National this morning and there are about 35 orange bellied parrots left in the wild. Are you saying that if that population was seen to be steady it would not be eligible for listing?

Dr Purdie: I am saying that we would assess the available evidence against the criteria. The criteria have essentially got three elements to them. One is related to their extent of occurrence: how much land do they occupy, what is the amount of land that is required for their habitat? How precarious is that habitat in light of all the threats that might be impacting on them? What is the estimated total population size? In many instances, we do not know the total population size, but what is the best estimate of that? And what are the trends in population over that specified time period?

Senator BOB BROWN: So population as well as the trend does count in the assessment?

Dr Purdie: There are five criteria. Senator, I would be happy to let you have a copy of the committee's guidelines.

Senator BOB BROWN: I have them in front of me.

Dr Purdie: So you would know that, of the five criteria, they are combinations, if you like—variations on essentially those three elements.

Senator BOB BROWN: It does say at the top of section 179 of the EPBC Act, which provides general eligibility for inclusion in the category of the list of threatened species, that the native species is in the critically engaged, endangered or vulnerable category if it meets any of the criteria for the category mentioned in the following table.

Dr Purdie: The work of the committee is to assess the information against those criteria and against our indicative thresholds.

Senator BOB BROWN: But it is not a combination; it is an 'any', is it not?

Dr Purdie: It depends which criterion you are looking at.

Senator BOB BROWN: It says at the top, above the criteria, that if the species meets any of the criteria for the category mentioned in the—

Dr Purdie: Absolutely. It only has to meet one criterion to be eligible. We have to establish, based on scientific principles, whether or not the evidence we have before us does allow us to make a decision that we believe yes, this particular species is eligible against criterion 1, 2, 3, or 4.

Senator BOB BROWN: Criterion 1 says that if the species has undergone, is suspected to have undergone or is likely to undergo in the immediate future a substantial—

Dr Purdie: Yes. The immediate future is that three generations that I referred to. If you look further down, the very severe reduction in numbers would be greater than 90 per cent over its national population. 'Endangered' would be a severe reduction in numbers; so that is about a 70 per cent reduction over its national population. Under A1, it would be 50 per cent. I am looking at part B of the guidelines.

Senator BOB BROWN: The question is about 'vulnerable', though, is it not?

Dr Purdie: Sorry. If I may, Senator, if you look at the second page of the guidelines, which are the indicative thresholds, there are four possibilities there for looking at data against criterion 1. The substantial reduction in population for three of those four is a 30 per cent reduction.

When the committee examined the data before it on the koala, it felt that there may have been a 30 per cent reduction in the total population but there was so much uncertainty in arriving at that figure that it felt unable to make a recommendation for listing as 'vulnerable' until that uncertainty had been addressed, which would require new data.

Senator BOB BROWN: So the precautionary principle was set aside at that point?

Dr Purdie: This is the way the committee has always operated with every recommendation that it has made to the minister. The criteria are there. These are based on IUCN criteria. So there is an extent to which the criteria themselves have the uncertainty principle built into them, but they are trying to allow an analysis of available data in a way that is scientifically rigorous.

Senator BOB BROWN: I do not want to take too much of your or the committee's time. I am grateful we will have an opportunity to go into this further at the next hearing. Again, I come back to the precautionary principle. Yes, the EPBC Act has been influenced by United Nations principle, but it has the precautionary principle up the front. I wondered about the evidence so far to that committee of a falling population. Certainly there are biodiverse rich isolates such as in the Bermagui region of New South Wales where there is a population of fewer than 100, which is thought scientifically to be genetically rich in genetically depauperate wider populations. For example, in Victoria there is still logging of habitat occurring where that isolate is. Surely that should be understood by a scientific committee as a threat to the future well-being of a species.

Dr Purdie: Senator, the committee would not deny that there is a threat to the species in that particular location. But in assessing the criteria for listing under the EPBC Act, we have to take an overview of the whole population. If you look at the whole population, or the population of the koala across its total distribution, it is not a clear-cut picture. There are areas where the population has increased to the extent that active measures have been required to reduce the numbers.

Senator BOB BROWN: Such as?

Dr Purdie: In Victoria and in South Australia.

Senator BOB BROWN: Such as? Where in Victoria?

Dr Purdie: They are specified in our advice to the minister that he has released. I could point those out. There are areas where, for example, the Victorians have been actively managing the populations to try to prevent a further increase in growth.

Senator BOB BROWN: I will come to the point—

Dr Purdie: Sorry, can I just finish giving a sense of how the committee is required to look at the data? You have, in some parts of its distribution, populations that have been increasing, have required sterilisation, translocation to try to remove the pressure. They are basically eating themselves out of a food source.

Senator BOB BROWN: This is Kangaroo Island. Where else?

Dr Purdie: Also in parts of Victoria. There are certainly parts in the south-east of Queensland and north-eastern New South Wales where there is very good data to show that the populations have been decreasing from threats like car strike, dogs, habitat fragmentation, loss of habitat because of urban development, et cetera.

Senator BOB BROWN: If I may, that has been described to us as the most secure koala population in the country.

Dr Purdie: Sorry?

Senator BOB BROWN: That south-east Queensland population has been described as the most secure population in the country.

Dr Purdie: I will not address that because I do not know. If I can just continue the scan of the koala population on a national basis, on the data that the committee had suggested that there were larger numbers of koalas but lower densities than there were outside those two areas I have just talked about, and trying to get a handle on both the total population size and the changes in population in those areas on the slopes of New South Wales and out in western Queensland, there is far less data available. There are confounding effects about what the effects of drought have been, as opposed to human-induced threats. So if you look at it on a total population level across its distribution, some are going up, some are going down rapidly, others we do not know, but it is suggested that they have been going down.

Senator BOB BROWN: I will not take much longer here, but I will just put two questions to you—

Dr Purdie: Sorry, can I just continue? There is one further thing. One of the things that make that estimate of both total population size and overall trends very difficult is that while you might have 500 koalas in one area where there has been a very significant reduction in their numbers, that 500 out of the total estimated population—I think you will find in the paper the committee said the total population may be around 200,000 now—that very high reduction in one small number, if you relate that back to the total population, does not mean that the whole population is going down at the same rate.

I guess the picture I am trying to paint is that the committee has looked at all of the detail that was available to it. It is trying to look at the koala on a region-by-region basis, which is reflected in our advice to the minister. On balance, when we try to put all of those disparate bits together, with the uncertainty around all of those estimates, this is why we concluded that it looks as though there has been about a 30 per cent decrease overall across its geographic distribution, but there is so much uncertainty around it that the committee was not prepared to make a formal recommendation that it should be listed as vulnerable.

Senator BOB BROWN: Even though the criterion that you have pointed to is that a 10 per cent loss should lead to a listing of vulnerable?

Dr Purdie: No. Sorry, I did not say that.

Senator BOB BROWN: Was your committee aware of scientific evidence that there has been a more than 85 per cent loss of population in south-west Queensland west of the Divide? That is in the last decade.

Dr Purdie: I cannot comment on the exact figure. The committee was certainly aware of reductions in the areas west of the Great Divide, a lot of which, I understand, was thought to be due to drought. Drought is a natural phenomenon. It is not considered a threat in the same way as a human-induced threat, not like global warming, but like habitat loss, cars, dogs, et cetera. So the problem with looking at the data in many areas west of the Divide was it is very difficult to tease out what is due to a natural factor like drought and what is due to other factors. There is very good data in, for example, one study that was done in western Queensland. That showed, I think it was, about a 60 or 70 per cent reduction in population numbers in one area because of drought. That population subsequently recovered. Another unknown that relates—

Senator BOB BROWN: I have one more question.

Dr Purdie: Another unknown that relates to the drought is the death of trees associated with it, which may take a long time to actually happen. That can affect the species' ability to recover. I am just saying when the committee tries to get—

Senator BOB BROWN: Thank you. If I can just get a word in here. If you could ensure that the committee brings that evidence of recovery and population, because the Senate committee looking at this matter has been unable to uncover it. Could you also—

Dr Purdie: Sorry—

Senator BOB BROWN: No. Just let me finish my question. Could you also ensure that the Senate committee, when it has your zoological experts, is acquainted with the committee's analysis of the depauperate genetic population in Victoria as against the more genetically rich enclave at Bermagui and what relevance this had to the decision that disregarded that genetically rich population whose habitat is threatened in south-east New South Wales?

Dr Purdie: One of the members who are, I think, planning to come to that hearing is a person who is a geneticist. So she will be able to talk about that.

Senator BOB BROWN: Thank you.

CHAIR: Dr Purdie, in evidence to the committee, there were a number of very concerning challenges for the koalas' long-term existence. One was chlamydia, which meant that they were becoming sterile. The second area was retrovirus. The third area was one that I had not heard before, and this is in your area of expertise, and that was the concentration of atmospheric CO₂-type equation here in eucalypts, which was reducing the nutritional value for koalas, so basically they are not getting nutrition.

I do not want to go into all those areas because you will be appearing before the committee and there are other issues we need to deal with here but clearly an expert, Professor McAlpine—he is considered an expert in the field, is he not?

Dr Purdie: I cannot—

CHAIR: You do not know.

Dr Purdie: I plead ignorance on the basis of being a botanist.

CHAIR: You have outlined the obligations on the minister. Does the committee have any view as to whether the obligations on the minister, before a declaration is made, are still satisfactory? Should there be more flexibility for the minister to exercise the precautionary principle?

Dr Purdie: You would have to ask the minister. We are operating under the act as it stands. The procedures that we have used have been used consistently since the act was brought in in 1999. This is unusual to the extent this is the first time that the minister has released the committee's advice before the minister has made a decision.

CHAIR: It is a good thing, is it not?

Dr Purdie: I think in this case it is an excellent decision. In all cases, that is the prerogative of the minister.

Senator BIRMINGHAM: Asking for opinions again, Chair. It is okay when you do it.

Senator FISHER: Oh, it is okay. Got it. Sorry.

CHAIR: I was asking for the quality of the minister's decision. It was a good decision.

Dr Purdie: It is incumbent on me to answer that, Senator.

CHAIR: Excellent decision.

Senator BIRMINGHAM: You always give the officers—

CHAIR: Yes, Senator Birmingham. Senator Fisher was very keen to move off koalas and go onto something else. If you let me go on with this, we will be able to do that.

Senator FISHER: That is not an accurate reflection of our discussion. Do proceed.

CHAIR: Thank you. The other issue that came before the committee was this question of Bermagui. One of the issues you have raised in your report is that there was a lack of consistent, high—quality demographic data. Then you said you had to have a considered interpretation of the available data. Can you take on notice—I will be asking the same question at the hearing—what you used to consider the data and what were the drivers of your interpretation? Is that clear?

Dr Purdie: No. The first part, I confess, is not.

CHAIR: What were the drivers that you used? I am trying to work this out myself. How did you interpret, basically? What was the process you used to interpret?

Dr Purdie: Okay, yes.

CHAIR: Is that clear?

Dr Purdie: Yes.

CHAIR: There are a whole range of issues. Given there is still a committee going, I am not going to go there. There are a range of issues in terms of Bermagui where a Mr Chris Allen, I think, gave evidence to your committee. Do you remember?

Dr Purdie: A lot of people gave comment as part of the public comment period. I do not have the names of all those in my head.

CHAIR: He made a submission. In that submission he indicated that there had been 800 days of field work since 2007 in Bermagui, with 300 volunteers. I think that work was

presented to the committee. Would that be the basis of a scientific analysis, 800 days of field work since 2007?

Dr Purdie: If you are asking me a question, that is another one that you will need to ask the zoologists on the committee.

CHAIR: But you are a scientist?

Dr Purdie: I am a plant person.

CHAIR: But you are not green and the others mean. A scientist will get some basics—

Dr Purdie: Sure. It would seem to me that that would provide reasonable data, but I do not have the background to say that with certainty. If there had been 800 days of fieldwork over the entire distribution of the koala, maybe we would have better data that would allow us to make a firmer decision. To me, it sounds unusual to have that level of effort put in. Much of the data we were looking at was anecdotal data or it was ‘this had happened in one area and we assumed that the same thing would have happened there’.

CHAIR: This is my last question before I move on. I have lots of questions on this because the committee is still meeting. As a scientist in your field, what is normally done if a plant in a certain area will become extinct? Would you expect government to try to stop the extinction within an area?

Dr Purdie: If I were giving advice on this committee—

CHAIR: That is not what I am asking. I am asking you, from a general scientific point of view, whether you would want that extinction of a plant in a certain area stopped.

Ms Dripps: Senator, isn't that a question of government policy?

CHAIR: No. It is a question of science whether a plant becomes extinct or not.

Dr Purdie: I think it is a question of policy because, with any species, to some extent it depends on how many resources can be thrown at it.

Senator Conroy: I will take that on notice for you, Senator Cameron, and put it to the minister's office.

Senator FISHER: You should get it back the day of the next estimates hearing.

CHAIR: Senator Fisher, I probably will, because I am pretty confident that the scientific committee will be looking at this pretty closely before the next hearing and that other hearing. Thank you very much, Dr Purdie. I am sure you can see that it is a big issue. If the alarm bells are not ringing in the scientific committee about this issue, they should be.

Dr Purdie: The committee has probably spent more time considering the koala than any other species by several orders of magnitude. It is aware that it is a very difficult species to consider. It always does its work in a scientifically rigorous way and this is an example of where that rigour is absolutely critical.

CHAIR: But you are conducting that scientific rigour within certain parameters outlined in the act and your obligations.

Dr Purdie: Outlined in the act and also following our own committee guidelines.

CHAIR: Thank you. I look forward to seeing you in Melbourne.

Dr Purdie: You will not see me; hopefully you will see three other members.

CHAIR: Thank you very much, Dr Purdie.

Senator WORTLEY: I have one question. Can you explain the situation on Kangaroo Island at the moment? I know you touched on it briefly before.

Dr Purdie: This is a plant person's view of it. Koalas were translocated to Kangaroo Island. I think, from memory, it never had koalas there naturally. They were translocated there. They had an ideal habitat, presumably because there are very few predators. The population began to increase to the extent that most of the trees on which they relied for food and habitat were dying. So they were basically eating themselves out of house and home. In 2001 the population was estimated to be from 22,000 to 27,000 koalas. That is a huge density. Because of that overbrowsing pressure, the South Australian government decided that, although it was an important area in which to retain koalas, the population had to be decreased. They did that by sterilising between 30 and 60 per cent of the population. As I understand it, they also removed a large number of the animals to the mainland.

Senator WORTLEY: I am familiar with that. Do we know the impact of the bushfires they have had over the last few years on the koala population?

Dr Purdie: I have no idea.

Senator WORTLEY: Can you take that on notice?

Dr Purdie: Absolutely.

Senator WORTLEY: Thank you very much.

CHAIR: Thank you again, Dr Purdie. I think you should make your getaway pretty quickly now.

Senator SIEWERT: Can I ask about the Fitzgerald River National Park and the assessment there? As I understand it, there was a decision not to assess the proposed roadworks and walk trail.

Ms Dripps: Possibly. I am just finding the details; we deal with it. When was that decision made, Senator Siewert?

Senator SIEWERT: I am just going to the question. I had a question from the last estimates hearing, which was question No. 15. A decision was made that this action was a non-controlled action if undertaken in a particular manner.

Ms Dripps: Yes, this is the right section in which to ask that question.

Senator SIEWERT: Since then, the EPA in WA has reported on the issue. The EPA concluded:

It is highly likely that the proposed walk trail and use of vehicle tracks for maintenance would eventually spread phytophthora dieback into the wilderness management zone of the Fitzgerald River National Park, specifically impacting on internationally significant environmental values present in the park. On this basis, the proposal cannot meet the EPA's environmental objectives and is considered to be environmentally unacceptable.

Ms Dripps: I am with you now, Senator.

Senator SIEWERT: Have you since reconsidered, given the EPA's recommendations and the fact that the Commonwealth is investing in this infrastructure development? If I finish this, I will be next door asking infrastructure about that level of investment. What has been your response, given the EPA's response that this is environmentally unacceptable?

Ms Dripps: We would like to look at the manner of the decision and take that question on notice.

Senator SIEWERT: Okay. Have you not looked at it yet?

Ms Dripps: I have not personally looked at it.

Senator SIEWERT: I mean the department. Has the department not looked at it?

Ms Jones: As I understand it, the EPA's assessment did not include the road component.

Senator SIEWERT: As I understand it, it looked at the walk component. Have you looked at the walk component?

Ms Jones: Yes. The NCA PM decision did look at both the road and the walking components.

Senator SIEWERT: So have you subsequently relooked at the walk component, given the WA EPA's findings?

Ms Jones: No, we have not.

Senator SIEWERT: What is the normal process if the Commonwealth decides that it is an uncontrolled action and the state subsequently says that it is unacceptable? What approach is then taken by the Commonwealth?

Ms Jones: The particular manner had some requirements in there, which were looking at the overall project, the two components. I think the judgement was that, if they were implemented, it would not have an impact on matters of national environmental significance and that would still be the case.

Senator SIEWERT: Have you subsequently looked at the EPA's report, which said that dieback will be spread and that it is not environmentally acceptable?

Ms Jones: The particular manner, which I do not have in front of me, had some requirements about the management of phytophthora. Based on the implementation of those, we did not believe that it would have a significant impact on matters of NES. So there is no current intention to review that.

Senator SIEWERT: Our EPA in WA—and I am not trying to dish out on our EPA, but sometimes it takes a conservative approach—is saying that this is not environmentally acceptable. On top of that, we have had reports saying that we cannot control dieback in WA. There are very significant problems with the control of dieback. So here is our EPA saying that this is not acceptable. In other words, I suggest that they would think the proposals put in place to manage it are not going to work. Are you thinking of relooking at that, given the EPA's finding on this and, if not, why not?

Ms Jones: There were separate decisions and separate judgements based on separate information. I think, if the project is not proceeding based on the WA's decision, there is probably no need to review it.

Senator SIEWERT: We do not know yet. That is part of the problem. As you know, the government does not have to pay attention to findings of the EPA. The EPA can say that it is unacceptable, but that does not mean that the government has to take that on board.

Ms Dripps: As I have said, we can have a look at the particular manner and the decision, but it would not be our usual practice to do so.

Senator SIEWERT: Why not?

Ms Dripps: Because we have undertaken a diligent assessment of the impact of the proposed proposal on matters of national environmental assessment. In so doing, we have determined that, provided that it is undertaken in a particular manner—as Ms Jones said, to avoid the spread of phytosphthora—it may proceed.

Senator SIEWERT: What evidence have you to suggest that any actions in Western Australia have been successful in stopping the spread of dieback in that park? Let us not even look at the rest of WA. That park is one of the only areas where we have a relatively small amount of dieback.

Ms Dripps: As we have said, we do not have the decision in front of us. We would like to take on notice the question of what evidence was relied upon in forming that decision.

Senator SIEWERT: Okay. Can you take that on notice?

Ms Dripps: Yes.

Senator SIEWERT: So you will go back and look at the evidence and then decide whether you need to reassess it or have another look at it?

Ms Jones: Yes.

Senator SIEWERT: Thank you. I have a list of detailed questions on James Price Point which I know I am not going to get through. So I am going to ask some overarching questions and put some more on notice. Could you tell me where the process is up to with the strategic assessment and your involvement in that strategic assessment?

Ms Cameron: The documents prepared by the state of WA have been out for public comment. The state of WA is currently combining, and looking at, the public comments and making its response to that. We have nothing before us for assessment at this time. During that comment period we, like others, provided some feedback to the state. We are looking forward to how they respond to the matters that have been raised by the community.

Senator SIEWERT: What will happen once that happens? What do you do then?

Ms Cameron: Under a strategic assessment, it is about looking at a planned policy program. In their draft documentation, they included a plan and an analysis through the strategic impact assessment reports of the impacts of that. Under the act, their responsibility is to provide us with the public comments and to provide a supplementary report that includes their response to that.

Senator SIEWERT: So do you have a time line for when they are going to do that? Then you assess the whole package?

Ms Cameron: Correct. We think it will be in the third quarter of 2011, but we are not sure of exactly when.

Senator SIEWERT: You would be aware that a number of us have identified some critical areas that are missing in the strategic assessment process at the moment.

Ms Cameron: Yes.

Senator SIEWERT: If I understand correctly what you have just said, you make your comment to WA, WA take it on board and you subsequently assess it to address those issues.

Ms Cameron: We make our comment—it was a government-to-government comment—within a similar time frame to where they were receiving comments from the public.

Senator SIEWERT: You said it was the third quarter of the year. Is that right?

Ms Cameron: Yes.

Senator SIEWERT: Can I ask about the current controversy that is going on over clearing? I understand now that there is a clearance of a trace line. The federal government gave permission for the clearing of the trace line and is assessing the road proposal.

Ms Cameron: That is correct. There was a referral for the trace line, which is a four-metre path, to look at a potential road from Cape Luveque Road to James Place Point and also the paving of some of the Cape Luveque Road. There is a current referral before us about the construction of the road.

Senator SIEWERT: So you are yet to make a decision on the second referral of the road.

Ms Cameron: That is correct.

Senator SIEWERT: You have said that you do not need to assess the trace line. Is that right?

Ms Cameron: There was a non-controlled action for the trace line based upon its likely significant impact on matters of national environmental significance.

Senator SIEWERT: When that happens, do you go back and subsequently check to see that they did what they said they were going to do—in other words, limit their clearing to the area that they said they were going to limit it to?

Ms Cameron: Overall, because of the nature of that strategic assessment, we are looking very closely in that area.

Senator SIEWERT: Have you done so yet?

Ms Cameron: No.

Senator SIEWERT: Do I interpret that to mean yes, you are going to?

Ms Cameron: As part of our ongoing looking at what is happening in that particular area of the world, we are very interested.

Senator SIEWERT: I have one more area—the dieback threat abatement plan. Do I ask about that here?

Ms Dripps: You can ask us. We may change the officers at the table, but it is within this section—unless it is marine.

Senator SIEWERT: For some reason, dieback is handled by marine, isn't it?

Ms Dripps: Yes.

Senator SIEWERT: Even with all the new arrangements, it is still handled by marine?

Ms Dripps: We may have to rename the marine division.

Senator SIEWERT: It is highly confusing. Are all threat abatement plans done by marine?

Ms Dripps: No.

Senator SIEWERT: Just dieback?

Ms Colreavy: I am sorry; there is confusion around this issue, even with us. Threat abatement plans: we do handle some of them within the approvals and wildlife division, but other parts of the department are also responsible for these actions under the EPBC Act. We are not the only area that fulfils the requirements of the act. So some other parts of the department also do them; it depends on the topic. In this case, I am afraid that it is the marine division and not us.

Senator SIEWERT: As yet, I do not think you will have found dieback affecting fish.

Dr Grimes: Senator, I think there was a little discussion on this yesterday. We have committed to trying to find a better mapping for the committee to help you, because we do recognise the difficulties.

Senator SIEWERT: The problem is that, as you know, this particular one sends us into a bit of a headspin. I do appreciate that you are to work on the mapping, and I thank you for it. But I am not sure that—this is a little perverse—diebacks in marine may occur to people. I do know that I have made this mistake before. I thought it might have been fixed with the new process. But we can do dieback?

Ms Colreavy: We are not handling that matter, I am afraid, in our area.

Senator SIEWERT: Okay. I will put that on notice.

Senator HEFFERNAN: Could I address the question of wind farms?

Senator SIEWERT: You have an inquiry into that.

Senator HEFFERNAN: Yes, I realise that. The NHMRC have provided advice which has been used by one of the proponents of the wind farms here on the Southern Tablelands in Mr Alby Schultz's electorate. I am afraid the contractor's name escapes me. There are a group of farmers in the Boorowa-Crookwell area who are concerned about the health aspects as well as the environmental hazards of what seems to be open slather wind farms. As we know, wind farms generally produce wind for 30 per cent of the day. They are relying on advice on the health aspects of that from the NHMRC, who have made a statement which has been used incorrectly by the people who want to build the wind farms and who have made application to do so. They are quoting Professor John McCallum in a way that is incorrect. Professor John McCallum has said:

Because only a small body of robust scientific evidence currently exists in this field, the NHMRC is continuing to monitor the scientific literature published since the release of the public statement and report.

As we all know, the NHMRC is not an investigative body; it is simply a reporting body. That has been turned around by the proponent—

Senator Conroy: Are we approaching the question?

Senator HEFFERNAN: We are, yes. It is a slow journey—with the clock approaching one. It continues:

We finally note that, while in New South Wales the Department of Planning has a statutory function to review and assess development applications made under the Environmental Planning and Assessment Act 1979, NHMRC has no role in that statutory process. Consequently—in response to this letter—if you consider that the preliminary environmental assessment application submitted by EPURON Pty Ltd does not accurately reflect the content of the public statement report, we suggest that you contact the New South Wales Department of Planning directly with your concerns.

What is happening is that there is a group of farmers out there who are worried about everything to do with management of their farms. The aerial agricultural operators who fly in superphosphate and mice bait say it will be a no-go zone for aircraft movements. The people who are already there, who are within eyesight of these towers, have health problems. The developer in the application, through the Department of Planning in New South Wales, is saying, 'It's a clear go, boys, because the NHMRC says it is okay.' The NHMRC has said, 'A precautionary approach should be taken; research outcomes should continue to be monitored; wind turbine standards should be complied with; site evaluation should occur to minimise potential impacts; and people who believe they are experiencing health problems should go to their doctor.' Don't you think that is an inadequate way to plan wind farms, based on that sort of approval?

Senator Conroy: I am not sure that you can ask him for an opinion. I am sure you can rephrase that and get to the nub of what you are asking.

Senator BIRMINGHAM: The chair was asking for opinion.

CHAIR: But I rephrased it.

Senator HEFFERNAN: In a rephrased form could you answer the question?

Senator Conroy: No. I am sure that you can manage to—

Senator HEFFERNAN: Can you put the words in my mouth, Minister?

Senator Conroy: No. I am sure you can manage to ask your question without any assistance. Doug, would you like to help? I will pass to Doug. What is the point you are trying to make?

Senator HEFFERNAN: The point is that the proponent has made application for the development of God knows how many of these things over God knows how many miles, with houses and homesteads in between and a whole lot of people concerned about everything from the health aspects such as nervous complaints to the kids getting to sleep at night and there does not seem to be a process. The NHMRC have been misquoted seriously because they have based their—

Senator Conroy: I think I get where you are trying to go, Bill, so let us see if the officers can help by describing what the process is at the moment. Then you might want to fire some questions about the process at the moment.

Senator HEFFERNAN: That is very good of you, Minister. I knew you would always be helpful.

Ms Colreavy: Thank you, Senator. The assessment of wind farms by the department is focused on matters that are protected under the EPBC Act. It is where the construction is. So, whatever the activity might be, it is how that activity might have an impact on a matter of national environmental significance—a listed matter. In the case of the project you are talking about, I am not aware that that particular project was assessed for consideration under the EPBC Act. It would depend on whether it was in a location where a matter protected under the act was likely to be affected. The issues you are raising in relation to the advice of the NHMRC relate to human health impacts, which are generally not matters that would be considered under the EPBC Act assessment. The minister, however, does take into account, when making his decisions, matters of social and economic importance and would look at

commentary and issues of human health in the overall assessment of the project—but it is not a specific matter for assessment by the department. Does that help you?

Senator HEFFERNAN: That is very helpful. Is there an appropriate person or persons in the Commonwealth department that this group of concerned mums and dads could go to, to discuss their concerns with?

Ms Colreavy: I do not think in our department. The Commonwealth health department may have some avenues for them to make representation.

Senator HEFFERNAN: Could I put a question on notice, Minister? Could I prevail on you to provide the appropriate person for these people to go and see?

Ms Colreavy: I could certainly write to them explaining what the processes are. People might feel that it is pushing back a bit. In most of these cases, the state jurisdiction is responsible for these matters.

Senator HEFFERNAN: I appreciate that.

Ms Colreavy: But we could provide a helpful letter that explains our role and responsibilities and those of the state.

Senator HEFFERNAN: There are serious long-term health impacts of these damned things. Can you confirm the total budget expenditure for the construction of industrial scale wind turbine developments?

Ms Colreavy: No.

Senator HEFFERNAN: Could you confirm the total budget allowance for corporate subsidies relating to the generation of wind energy?

Senator Conroy: Wrong department.

Ms Colreavy: Not our department.

Senator HEFFERNAN: Whose is it?

Ms Colreavy: Climate change.

Senator Conroy: You missed that yesterday. It was more Monday, Bill.

Senator HEFFERNAN: So you do not do modelling?

Ms Colreavy: No. That is why I started my earlier answer explaining the scope of our involvement.

Senator HEFFERNAN: I will just put these questions on notice in the appropriate forum. If you could give some advice on the process—

Senator Conroy: We are happy to help.

Senator HEFFERNAN: There you are. Is it one o'clock?

CHAIR: Yes.

Proceedings suspended from 12.59 to 14.00

CHAIR: I think we were still dealing with program 5.2.

Senator FISHER: Can we talk about regulations under the product stewardship framework legislation here? I know we dealt with it yesterday.

Dr Grimes: The officers who have knowledge of the product stewardship program were the officers who were here last night. Unfortunately they are not here this afternoon.

Senator FISHER: That is all right. I will follow up with them separately. In terms of the regulation of plastic bags, that also should have been dealt with yesterday?

Dr Grimes: That is correct.

Senator FISHER: At the moment I will defer to another colleague.

Senator BIRMINGHAM: When can we expect to see a response to the Hawke report?

Ms Dripps: As you would be aware, there has been a process of detailed consultation in train associated with the Hawke report, both during the time in which the report was developed and subsequently. You would also be aware that the minister has been personally conducting some further rounds of consultation on the matter of the Hawke report over the previous months.

Senator BIRMINGHAM: Remind me when the final report was provided to government.

Mr Burnett: The report was tabled on 30 October 2009.

Senator BIRMINGHAM: On 30 October 2009, and here we are on 25 May 2011 and we are still awaiting the government response. Is there any time line as to when we might see that government response?

Mr Burnett: The government has not announced the time line.

Senator BIRMINGHAM: I am inviting you to tell us if there is one.

Senator Conroy: I think he is indicating that there isn't one.

Senator BIRMINGHAM: They are not the words he used, Minister.

Senator Conroy: I will take that on notice and see if the minister would like to add anything further.

Senator BIRMINGHAM: Thank you, Minister.

Senator Conroy: Here to help.

Senator BIRMINGHAM: You are helpful as always. Never mind if any of the officers at the table might actually have the answer. You are happy to jump in and take it on notice before they get the chance.

CHAIR: Senator Birmingham, I would not get Senator Conroy in an aggressive mood. It will not help either you or the committee.

Senator BIRMINGHAM: What consultations are still being undertaken in relation to the response to the Hawke report?

Mr Burnett: The consultations with stakeholders are now complete. The last of the roundtables convened by the minister was on 29 April, so the ongoing consultations are now within government.

Senator BIRMINGHAM: At least we have passed one milestone, can we say, in the sense that external consultations concluded on 29 April and we will now see how long the internal government consultation process takes to finalise. There are no plans for a further round at this stage of external consultation once you have finished the internal consultations?

Mr Burnett: Not at this stage.

Senator BIRMINGHAM: I asked some questions last night about dugongs. I was told that we needed to follow up with some others today. There have been various reports in relation to the sale of dugong bone carvings or dugong meat and the hunting of dugongs inappropriately. Is the department aware of those reports and allegations?

Ms Webb: Yes.

Senator BIRMINGHAM: How are they being investigated?

Ms Webb: In relation to dugong matters it is often quite complex to work out which provision of the law might have been breached or might not have been because of the intersection between the EPBC Act, the state acts and various native title arrangements. So it does depend on a case-by-case basis. But we work very closely with the Queensland authorities and also the Torres Strait people in relation to working out how best to deal with matters that are brought to our attention.

Senator BIRMINGHAM: How have the instances of allegations of illegal hunting sales et cetera been investigated?

Ms Webb: It is a case-by-case basis. Sometimes the evidence to who the perpetrators are is quite difficult to establish. But in one case that you might be referring to, where some carved bone was for sale, that matter I can tell you has been dealt with by the products being taken off sale. The quarantine people have dealt with those and we are continuing our investigations in collaboration with the Queensland authorities. But I cannot go any further because it is under investigation.

Senator BIRMINGHAM: How many incidences have been investigated during this financial year?

Ms Webb: I will have to take that one on notice.

Senator BIRMINGHAM: Are there others that you are aware of other than the bone carving one?

Ms Webb: There are some others. There are varying degrees of specificity about the conduct that is involved but there are some others.

Senator BIRMINGHAM: Have any charges been laid as a result, that you are aware of?

Ms Webb: Not that I am aware of.

Senator BIRMINGHAM: Have any referrals to police or enforcement authorities in that regard been made?

Ms Webb: I might have to take that one on notice.

Senator BIRMINGHAM: You described it as a complex issue because of the intersecting jurisdictions and legislation. What steps can be taken to streamline this and is the government looking at any steps to do so?

Ms Webb: Yes. I think my colleagues yesterday might have mentioned that the minister has formed a dugong task force, with representatives from the relevant state and federal agencies involved in that. One of the main tasks of that task force at the moment is a mapping of all the various compliance and enforcement issues and jurisdictions and working out a plan going forward as to who is best to deal with what type of allegation and also some plans for intelligence sharing as part of that process.

Senator BIRMINGHAM: Does that include looking at the possible roles for Indigenous rangers in enforcement or otherwise?

Ms Webb: That is potentially one option, yes.

Senator BIRMINGHAM: Are there incidences that you are aware of that are still under investigation that may lead to charges being laid?

Ms Webb: I can tell you that there are some matters under investigation. I cannot speculate as to the outcome of those matters.

Senator BIRMINGHAM: But there are still open cases?

Ms Webb: That is correct.

Senator BIRMINGHAM: If you could come back to us and tell us how many of those there are, that would be appreciated. With regard to other cases that have been considered this year that may no longer be under investigation, could you also detail what the rectification measures taken or steps taken to conclude those cases were. Can I go to crocodiles, please. I have questions from Senator Macdonald on crocodiles. Again, I think he was referred to this section last night. In what way do Commonwealth environmental regulation laws relate to the management of crocodiles?

Ms Callister: The principal regulation under the EPBC Act that my particular area deals with on crocodiles is around regulating the international trade in crocodiles. Things such as the protection of taking and killing and so on are generally managed at the state level, as it is with most wildlife. It is usually the state governments that regulate those. Our involvement is when we are looking at regulation under the CITES agreement and the export of crocodile products.

Senator BIRMINGHAM: So decisions about how many crocodiles might be able to be hunted or how many eggs might be taken for breeding purposes are made at the state level, or is the Commonwealth a party to some of those decisions?

Ms Callister: The way that those management arrangements work, the Commonwealth would only become involved when it is in relation to the possible export of them. The management plans are developed at the state level and those management plans tend to cover things such as the regulation of farming. They may cover things such as the harvesting of eggs and crocodile ranching and so on. That is provided to us and we assess it under the provisions of the EPBC Act to see whether it meets the necessary requirements for us to approve it as an export management program. What we would look at, though, is whether we think that the numbers involved are at an appropriate level to make that harvest sustainable. That would be our assessment.

Senator BIRMINGHAM: So, in that regard, what surveys have recently been done on crocodile numbers across Queensland and the Northern Territory?

Ms Callister: I do not have that information available. I could take that on notice, but it would be managed at the state level. We do not necessarily get updates all the time about what particular surveys they are doing at any given time, but usually the survey regime and the frequency and the types of service surveys are outlined in their management plans.

Senator BIRMINGHAM: You would have access to that data to make a type of sustainability judgments that you referred to before?

Ms Callister: Yes, we would.

Senator BIRMINGHAM: Could you provide that and an indication of how the numbers compare across the previous surveys—whatever is a reasonable length of time in terms of how you keep the data. A few years or longer would be preferable.

Ms Callister: Certainly.

Senator BIRMINGHAM: In terms of the programs that are in place to keep the numbers of crocodiles down in populated areas or areas of recreational activities, do they also feature in these management plan decisions?

Ms Callister: Usually what the state governments do when compiling their management plans is cover all of the various aspects that are related to the population management. So it would be the taking of crocodiles, irrespective of what the purpose of it was. We would be looking at it in its totality. Our principal interest is how many are being taken for the trade, but we also need to look at what are some of the other levels—what is taken for what other purpose. So we would need to look at the whole lot, if that makes sense. It is basically part of the overall picture of the level of pressure of take on those crocodile populations.

Senator BIRMINGHAM: What is the current government policy position as to the risk of the different species of crocodile in Australia being endangered or threatened?

Ms Callister: There are two species of crocodile that are found in Australia. There is the freshwater crocodile and *Crocodylus porosus*, which is the saltwater crocodile—the big one.

Senator BIRMINGHAM: I thought it would be far more complex than just two. There we go. We do not have a lot in South Australia.

Ms Callister: No, there are only two. I am not entirely sure, and I would need to check, what their threat status is under national legislation, under the EPBC Act. I do not think either of them are listed as threatened but I would want to double-check that. They are also covered under the CITES convention, so the Australian populations of those two species are listed on appendix II of the CITES convention. That means that commercial trade in those species can occur, subject to regulation.

Senator BIRMINGHAM: If you could check their listing in Australia and their status with regard to government considerations of their being endangered or not, that would be appreciated.

Ms Callister: I am pretty sure that they are not, but I would prefer to double-check.

Senator BIRMINGHAM: Thank you. I guess this an extension to that and to the question about population numbers. If they are not listed and are not considered to be endangered, could you indicate how close they may be. I am not sure how the metrics of these decisions work, but if you are able to give an answer as to the strength of the population and whether it is well above any type of threat of being endangered or entering a position where it might be considered for listing that would be appreciated too.

Ms Callister: I can do that. My understanding with the crocodile populations is that they have been recovering across much of their range. There was previously quite strong harvest pressure back quite a number of decades ago. Since some of that harvest pressure, through things such as hunting and shooting has been reduced, some of the crocodile populations are

increasing. But there is quite good data on that in the state management plans, so when we provide you with that information that should help clarify that for you.

Senator BIRMINGHAM: It may also be useful in terms of the value of the export industry and the use of crocodile products if you are able to equally provide some data on the volumes and values of materials related to the crocodile industry that you approve for export.

Ms Callister: We certainly can provide information on the volume of crocodile products that we provide CITES export permits for. In relation to the value of it, that would depend on whether that is recorded in the Customs statistics in a way that we can actually pull that data out. It may be in a broader category around leathers and so on. It would depend on how that is categorised, probably in Customs data, as to whether we can provide that to you.

Senator BIRMINGHAM: If you can provide the volume information and whatever estimates as to the value—it may just be broad estimates of industry value or something—that would be most helpful.

I will move along now to the flow regulators in the Goolwa channel and tributaries and the EPBC approvals around those. On 12 May 2009 EPBC approval with conditions was given to No. 2009/4833 relating to the Goolwa channel. One of those conditions was that the Clayton Finnis River and Currency Creek flow regulators must be decommissioned and removed by 6 May 2011 and a subsequent one was that if they are to stay longer than that then a referral was to be submitted to the department by 1 December 2009. Was there ever a variation to those conditions?

Ms Jones: The decision of 12 May 2009 has been varied a couple of times. As you know, we have the latest submission from South Australia to vary it to extend the time for the removal of the temporary regulators.

Senator BIRMINGHAM: Can you talk me through the times when it has been varied and what the variations were, please? I do not have all of those iterations before me.

Ms Jones: I do not actually have the details of the two prior variations of that not controlled action particular manner decision before me, but I can take those on notice.

Ms Dripps: In considering this it is important to bear in mind that the ecological conductivity over those barrages has been in place since it started raining, so the ecological event that that condition was intended to overcome has in fact corrected itself in the meantime.

Senator BIRMINGHAM: We will try to go through it as sequentially as we can because there are still concerns about just how ideal that conductivity is. If indeed it was perfect then there probably would have been no need to have the condition there that they must be removed and returned to their original preconstruction bathymetry. That is an interesting word for Hansard to look up later. You mentioned the two prior amendments that you did not have, Ms Jones. Does that mean you do have what we would describe as the latest amendment?

Ms Jones: I do. That was a submission from South Australia that was provided to us on 6 April. South Australia has requested a variation to extend the time frame for the removal of the Clayton regulator by 30 June 2012 and the regulator at Currency Creek by 30 March 2013. That submission by South Australia was publicly notified on the department's website. It was published 8 April for public comment.

Senator BIRMINGHAM: It was published on 8 April for public comment. And when does that public comment phase conclude?

Ms Jones: It concluded on 21 April.

Senator BIRMINGHAM: Is this subject to an EIS?

Ms Jones: No. The proposition put to the department is a request to vary the 12 May 2009 decision which was the not controlled action particular manner decision by the former minister. There is another proposal that is undergoing an environmental impact statement, but I believe that is on hold. South Australia is not progressing at this stage.

Senator BIRMINGHAM: That other proposal is the application to keep them in place for a more permanent period of time?

Ms Jones: That is correct.

Senator BIRMINGHAM: If there is such a thing as a more permanent period of time. So that application that would keep them there for longer is on hold. Regarding the application of 6 April to keep Clayton in place until 30 June 2012 and Currency Creek up until 30 March 2013, public comment on that is closed. There is no EIS required for this variation application and therefore it is now purely about the department providing advice to the minister and the minister making a decision?

Ms Jones: That is correct.

Senator BIRMINGHAM: What is the deadline for that decision?

Ms Jones: There is no statutory deadline for a reconsideration of a particular manner decision. The assessment process is underway.

Dr Grimes: At this point it may be appropriate to note that we would be seeking to undertake that assessment and complete it as quickly as we possibly could. It is recognised as a high priority to advance that assessment.

Senator BIRMINGHAM: In terms of the previous application that is on hold, for a more permanent stay of these structures, when was it lodged?

Ms Jones: I do not have the lodgement date, but the controlled action decision date was 18 December 2009.

Senator BIRMINGHAM: How long after lodgement is that decision usually taken?

Ms Dripps: That depends on the proponent as much as anything. If they are preparing an environmental impact statement, that can take a period of time or it can be quite quick, depending on the level of technical information that they have available, which is needed in order to undertake the assessment. So it is in the hands of the proponent how long it takes. We have statutory time lines around the decision-making after things are submitted to us, but we do not have any influence on how long it takes the proponent to undertake an EIS, for example.

Senator BIRMINGHAM: Sorry, the EIS comes after the controlled action decision, though. What I am trying to ascertain is how long it is between the lodgement of the application and the decision that this is a controlled action.

Ms Dripps: I am sorry, I misunderstood the question.

Ms Jones: Referral decisions have a statutory time frame of 20 business days.

Senator BIRMINGHAM: So it could be no more than 20 days prior to that that the application would have been received?

Ms Jones: Yes, unless further information is required. On occasions—I do not know whether it was on this occasion—the clock is sometimes stopped to seek further information.

Senator BIRMINGHAM: So if the clock was stopped or if it was a full 20-day period then the South Australian government would have met the 1 December 2009 deadline for lodging an application if it did not take a full 20 days or the clock had not been stopped then they may have been a few days late? Is that a fair precis without being able to know exactly when the application was made?

Ms Dripps: I think it might be worthwhile us taking the question of the precise date on notice.

Senator BIRMINGHAM: If you could. However, we are not disputing that to meet its obligations under the 12 May decision the South Australian government did have to make an application to keep them there by 1 December 2009?

Ms Jones: That is correct.

Senator BIRMINGHAM: And that clause stood.

Ms Dripps: Yes.

Senator BIRMINGHAM: Without having had any extension to this, are the SA government technically in breach? They were meant to have decommissioned and removed these structures by 6 May 2011. They have two applications per extension but no decision on extension. Are they technically in breach of those initial findings?

Ms Jones: Technically, yes, Senator, but we do not intend to take any compliance action against South Australia, given that we have a proposal under consideration. Parallel with that, given the water availability in South Australia at the time in the Lower Lakes and the fact that connectivity has been restored in the system, we have time to undertake the assessment without environmental harm.

Senator BIRMINGHAM: Who made the decision that no action would be taken as a result of this breach?

Ms Jones: The department.

Senator BIRMINGHAM: Is it a decision that Dr Grimes had to sign off on? At what level of the department is the decision made that, yes, there is a breach of regulations with regard to these structures but, no, we are not going to pursue a prosecution or other corrective action?

Ms Dripps: We have a compliance framework around the EPBC Act that has a framework for thinking about minor technical breaches such as Ms Jones has described this one as. I think it is fair to say that that is defined within the division. It was not a formal decision that was put to Dr Grimes. So it is a decision within the management framework of the division, not a decision that has been taken by Dr Grimes or anyone else in a formal sense of being an active decision. Where we have a request for reconsideration of a decision and no ecological harm resulting as a result of us processing that decision, we would ordinarily process that decision as quickly as we are able to, as Dr Grimes has indicated, and move forward with the legislative framework on that basis. So we have a broad set of guidelines around it. You

become aware of a breach. Is it of high concern? Does one send compliance officers? Does one send a letter? Is one already in contact with the proponent around the matter that is of concern?

Senator BIRMINGHAM: Ordinarily you would expect that having put in place a series of conditions—(1) to have the things out by May this year; and (2) if they were not going to be out by May this year, to have applications to keep them there in place by December last year—the department would have expected to have advanced consideration of any application before, presumably, reaching the May deadline. I presume the whole intent of putting a five-month gap between requiring an application and the date that they needed to be removed by was to ensure that if the decision was 'No, you cannot have your extension; they must be removed' some warning was given to the South Australian government and that it did not create a situation where they could drag it on indefinitely.

Ms Jones: we have been in constant discussions with South Australia on this matter, certainly over the past five or six months, and have been actively encouraging them to submit a variation to the current decision. As you know, we received that on 6 April this year.

Senator BIRMINGHAM: Where did they advise you that they were not intending to proceed with the December application?

Ms Jones: I am not sure I follow you in terms of the December application.

Senator BIRMINGHAM: I am talking about the application that was declared a controlled action on 18 December which was to keep the structures in place. Do you have the details as to how long that application was to keep the structures in place for?

Ms Jones: I do not. I would have to take that on notice.

Ms Dripps: We could provide an answer that includes the date on which the key events relating to this matter occurred? Would that be helpful?

Senator BIRMINGHAM: It would be helpful, thank you. Do you have a recollection, though, of when they said 'We've got the December application; you've declared it a controlled action and have told us we need to go away and prepare an EIS. We're actually not going to do that.'?

Senator Conroy: I think the officers are trying to assist you as much as possible but we have undertaken to get you the absolutely specific information so that we make sure you have the absolutely correct information, Senator Birmingham. I am not sure that keeping on asking the same questions is going to take us anywhere.

Senator BIRMINGHAM: I asked the question. Ms Jones looked like she was thinking about when it might have been. I am not wanting to hold her to a date. Ms Dripps offered to get a full timeline. I welcome that on notice.

Senator Conroy: We have taken it on notice.

Senator BIRMINGHAM: But I would still appreciate hearing whether Ms Jones does recall when SA first said they were not going ahead with this.

Ms Jones: I do not recall the date.

Senator BIRMINGHAM: But over the five-month period you were backwards and forwards in consultation with SA, saying you needed a new application?

Ms Jones: For the other proposal—for the original particular matter decision made in May 2009. I understand we have two separate overlapping referrals here and the interrelationship is complex. I think the best approach is for us to take that opportunity to set out the timetable of the decisions and where they both reached and on what basis.

Senator BIRMINGHAM: So that I am clear, the December one was a new application that had to be treated as a new application. The 6 April application was simply an application to vary this 2009 ruling?

Ms Jones: That is correct.

Senator BIRMINGHAM: You only received that on 6 April, exactly one month before the regulators were meant to be decommissioned?

Ms Jones: That is correct.

Senator BIRMINGHAM: And that was more than four months after you were meant to be having the wheels in motion to decide whether they were going to be there longer or should be there longer.

Ms Dripps: I think there might be an additional year in the timelines: the December 2009 decisions and then the April 2011 decisions.

Senator Conroy: Again, we have offered to get you all of the information. I am just not sure that we are able to be a lot more helpful without almost misleading you, as almost happened completely accidentally. I can only suggest that it would be difficult for the officers to give you the exact answers when we have taken it on notice and agreed to get you all of the information.

Senator BIRMINGHAM: Just to clarify with Ms Dripps, I think Ms Jones has adequately explained that there was the May 2009 finding on this application, there was a December 2010 new application and there was an April 2011 application to vary the May 2009 decision.

Ms Jones: The middle date is December 2009, not 2010.

Senator BIRMINGHAM: 2009?

Ms Jones: Yes, for the controlled action decision on the permanent placement of the regulators.

Senator BIRMINGHAM: Thank you; that does clarify it. Indeed, I see that it is 2009 in the findings. So in fact it was not five months that the South Australian government had to get its application processed and considered if these regulators were to stay—it was actually a period spanning some 17 months. Even in that 17 months they still could not reach a resolution, and we are now having to keep the regulators there longer while they are in breach of their conditions while a new application to vary the first findings is considered. There is nothing incorrect in what I just said?

Ms Dripps: No, Senator.

Senator BIRMINGHAM: The department has made its concerns known to the South Australian government that they would be in breach of the EPBC Act and that they needed to act and get a new application in if they were not to be prosecuted or further action was not to be taken?

Ms Jones: We encouraged them to submit as early as possible a new application.

Senator BIRMINGHAM: As early as possible—and the best they could manage was a month before the expiry date? Thank you for that. We will jump along to my old friend the Sugarloaf pipeline if we can. On 28 October 2010 there were some minor variations made to the initial ruling on Sugarloaf. However, those were fairly technical ones. I assume they were requested by Victoria to put some clarity around the timelines of reporting.

Ms Webb: That is correct, Senator. We wanted to line up the reporting on the Sugarloaf pipeline with reporting on the northern Victoria irrigation project.

Senator BIRMINGHAM: That makes perfect sense. They would have had to provide a report under these new conditions by 30 November last year?

Ms Webb: That is correct.

Senator BIRMINGHAM: And that report was provided?

Ms Webb: Yes it was.

Senator BIRMINGHAM: Excellent. And that report included independent audited reports of water savings achieved?

Ms Webb: That is correct.

Senator BIRMINGHAM: Are you able to tell me what those water savings achieved were?

Ms Webb: I think it will be the same as I probably told you last estimates.

Senator BIRMINGHAM: I do not think I got to Sugarloaf last time.

Ms Webb: I have numbers for the water extracted. I do not actually have without taking on notice the savings achieved.

Senator BIRMINGHAM: How much was extracted?

Ms Webb: From 1 July 2009 to 30 June 2010, 16.713 gigalitres. Then from 1 July 2010 to 8 September 2010, 7.428 gigalitres. Since then no more water has been extracted.

Senator BIRMINGHAM: Nothing at all since then up to your current understanding?

Ms Webb: That is our understanding.

Senator BIRMINGHAM: But you are unable to give us the water savings achieved?

Ms Webb: No, I will have to take the details on notice.

Senator BIRMINGHAM: Do you know whether the water savings achieved exceed the water extracted?

Ms Webb: I cannot give you an answer. I will take that on notice.

Senator BIRMINGHAM: Is your understanding of the revised conditions that that would be a requirement?

Ms Webb: Revision of the conditions was to do with the reporting date. I do not think it changed any of the requirements in relation to water savings and extraction levels.

Senator BIRMINGHAM: Does the audited document detail information about water that is equally available or has been returned to irrigators or to the environment?

Ms Webb: Sorry, I do not quite understand your question.

Senator BIRMINGHAM: The initial deal as such on Sugarloaf was that there would be a three-way split: that a third of the savings generated would go to irrigators and a third would go to environmental flows and a third could be piped off to Melbourne.

Ms Webb: The audit reports say that that condition has been complied with.

Senator BIRMINGHAM: The audit reports detail all of those volumes in terms of demonstrating compliance?

Ms Webb: That is my understanding.

Senator BIRMINGHAM: Could you also provide that information as well?

Ms Webb: Yes.

Senator BIRMINGHAM: Thank you, Ms Webb. I shall look forward to seeing that.

CHAIR: Can someone help me with wildlife trade and conservation? I am not going to ask about koalas.

Ms Colreavy: Some other critter?

CHAIR: Yes. I notice that the department has prepared some information and I think a brochure for the six Pacific language countries. What is that brochure about and how effective is it?

Ms Callister: That brochure was produced in consultation in combination with the New Zealand government. It is produced in a number of the Pacific Island languages and it is specifically designed to provide information that those countries can use to educate their own people about the obligations under CITES, which is the Convention on International Trade in Endangered Species. We have specifically targeted the messages in it to some of the issues that Pacific Island countries are facing on wildlife trade. So it talks about things such as giant clams, corals and some of the particular issues that they are faced with. My understanding is that it has been very well received by the countries that we have produced them for. Both we and the New Zealand government have been very pleased with the outcomes of that. I cannot recall exactly how many of those brochures we have distributed, but we are hoping that we will also be able to produce it in some of the other Pacific Island languages and get it out to those countries so they can use it as well.

CHAIR: Is there or was there much of a trade in exotic animals from the islands to Australia or—

Ms Callister: The main trade coming out of the Pacific Islands would be things such as coral. One of the big issues that we have between the Pacific Island countries in Australia is really around tourist trade and tourists not necessarily understanding what their obligations are. In addition to producing brochures in Pacific Island languages, we have also been doing some that we distribute here in Australia, including through activities such as going to some of the tourist fairs and distributing brochures and trying to educate the public there. So it is things like coral trade, bringing back giant clam shells, and giant clam meat sometimes brought back by people who may be Pacific Islanders who live in Australia or in New Zealand. They are all regulated under the Convention on International Trade in Endangered Species. So there have been some issues and that is what we are trying to address in these public education programs.

CHAIR: Is there any information as to whether there is any increase in the export of protected wildlife from Australia that is unregistered?

Ms Callister: It is a very difficult question. The fact that it is actually illegal obviously makes it very difficult to get data on what is happening and what the scale of the trade is. We do continue to have seizures made at the border of wildlife going out of the country and also coming in. A lot of those seizures are done on our behalf by border control agencies, particularly Customs and the Australian Quarantine and Inspection Service. So it is very hard to put quantum on but it is ongoing, unfortunately, and it is one of the things we work very closely on with those border management agencies to try to control.

CHAIR: I just want a broad view on this in terms of exotic birds. Is that growing or is it under control in terms of criminal activity? Do you know?

Ms Callister: Again it is very hard to comment. I think it would be fair to say that there continues to be some level of illegal trade and that would involve both exotic birds coming into Australia and illegal trade in Australian species which are very highly sought after in some of the international markets. But also Australian species are available overseas, some of which may have come from illegal means but others may have been there for some time; they can be bred up overseas legitimately. So, yes, it does continue, but what the quantum is would be very difficult to say.

CHAIR: So, if an exotic bird from Australia is exported illegally overseas and you do not catch the criminal and then a breeding takes place overseas, is that then a legitimate—

Ms Callister: One of the positive things around CITES is that it gives us this mutual control level. So if it is a parrot—and parrots are one of the most popular species in this avicultural trade—all parrots are controlled under CITES, so that means that overseas governments can work with us to try to protect our species from going overseas. Also, some countries such as the US have their own regulations around what can then be bred and allowed into trade legitimately. So they will check with us from time to time to try to ascertain whether some of the species that people are seeking to register as captive breeding operations actually came from legal sources. So we do work with some of these overseas countries from time to time to try and have that two-way attack on it so they can help us out with some of those issues as well.

CHAIR: I am new to this committee and I am not sure whether there has been much discussion about cane toads. Obviously that is one of the feral animals that are a huge problem.

Senator Conroy: I just ask: as a New South Wales man, have you raised that on State of Origin day for any ulterior motive?

CHAIR: I was just hoping for an invasion—

Senator Conroy: Not being a Queenslander, but I would not want to see—

CHAIR: Go the Blues.

Senator Conroy: We just need to keep this aboveboard now. There are Queenslanders in the parliament.

CHAIR: I do think, Senator Conroy, that it is the start of a new era of the Blues tonight. Unfortunately I cannot convince the rest of the committee to close down at 8.30 so that I can go and see it.

Senator SIEWERT: We are saving you from yourself.

CHAIR: But, seriously, let us talk about the bad cane toads—that is, the Queensland cane toad. You do not hear much about it lately. It just seems to me that it is a big problem and then you do not hear much about it. How significant is that problem and what are the control measures that are being developed?

Ms Callister: I am not sure that I can help you in great detail around cane toads. This is another one of those issues where it is actually the marine division who deals with those.

CHAIR: They are wet, are they?

Ms Callister: They deal with a lot of these biosecurity issues and pests. But there has been a threat abatement plan produced. I am not sure if it is yet finalised, but I know it is certainly in production. But I am afraid that beyond that it is really a question that would be better directed to the marine division.

CHAIR: I am not complaining; I am just saying this is the problem. You go to 5.2 and feral animals is on the website and you look there. So it is confusing. I am glad Dr Grimes is going to help us with that in the future.

Senator SIEWERT: Part of the budget measures is sustainable regional development? Has anyone asked about that? I do not want to go over old ground.

Ms Dripps: It came up last night and we could add to that in this session if you wish to.

Senator SIEWERT: I am specifically interested in the \$29.2 million for—

Ms Dripps: We can cover that.

Senator SIEWERT: This is a new area that you are going to focusing on, as I understand it, through strategic assessment. Is that right?

Ms Dripps: What we are aiming to do is increase the capability to undertake strategic assessments under the EPBC Act of high-growth areas in up to seven different areas across the countryside where there is high growth.

Senator SIEWERT: Have you identify those areas yet or is that part of the process?

Ms Dripps: Part of the process is to identify those areas. We would generally do that in close collaboration with the states, because this measure is intended to facilitate good strategic planning around protection of assets and sustainability in new high-growth areas. That planning exercise is necessarily something that the states have a large role in and also local government.

Senator SIEWERT: Exactly. Would you identify those areas with the collaboration of the states? You are not going to go into a state and say, 'Okay, we're going to do a strategic assessment here.'?

Ms Dripps: No. We have completed two strategic assessments in Australia so far—one of Melbourne and its urban growth area and one of the Tasmanian irrigation area. It is not possible really to do a strategic assessment by yourself. It is not something where you can

turn up and say, 'I'm going to give you one of these.' It is necessarily a very collaborative and very iterative process.

Senator SIEWERT: That is essentially \$29 million over four years. Will you go state by state or highest priority first?

Ms Dripps: I will ask Ms Cameron to assist me with this question. She is doing the project planning from the division.

Ms Cameron: We will be working with the states to identify what the options are. It would be good that some of the money that has been set aside is for gathering biodiversity and other types of information. If we could commence with those areas that might have a lot of information readily available we will be able to work through the process and understand the dimensions of it quite readily. Some of the other ones of the seven can happen in years 2, 3 and 4, but it would be good if we could get some kind of easier ones in the first instance.

Senator SIEWERT: Will you be developing a set of criteria on which to base which areas are the priority ones?

Ms Cameron: The budget measure talks very clearly about areas that are experienced high growth and—

Senator SIEWERT: I understand that but there are obviously going to be quite a few of those areas.

Ms Cameron: Yes—high growth and a number of matters of NES so that we can assist in providing certainty for those high-growth areas that are coming up against the matters of national environmental significance. So it would be where there is the collusion of those two things.

CHAIR: That finishes this section. We will move now to outcome 4, Murray-Darling Basin Authority.

Murray-Darling Basin Authority

[14:54]

CHAIR: I welcome officers from the Murray-Darling Basin Authority. Do you have an opening statement?

Mr Freeman: No, Senator.

Senator BIRMINGHAM: Mr Freeman, does the authority stand by the current expected time line surrounding finalisation of the Basin Plan as agreed at the ministers meeting earlier this year?

Mr Freeman: Yes, the authority is still working towards that double-barrelled time line of releasing a proposed basin plan that allows it to incorporate deliberation of the Windsor inquiry but also have a basin plan able to be tabled in federal parliament in early 2012.

Senator BIRMINGHAM: I think last time we met you said the target was for the draft Basin Plan to be released in June some time.

Mr Freeman: At this stage there is no definitive date. We await the Windsor inquiry outcomes. However, we are ready to consider those and release a basin plan after deliberation on the issues that it might raise.

Senator BIRMINGHAM: If the Windsor inquiry does not catch you by surprise, shall we say, would we expect a draft basin plan in June?

Mr Freeman: I could not answer that. Certainly the authority has considered a lot of proposed policy positions, but it is not making final determinations until it has been able to see the Windsor outcomes. There is a production exercise. There is quite a significant issue here of producing some four substantial documents and that would take a period of weeks. So whether it is June, July or August I really could not say.

Senator BIRMINGHAM: If you do not get the draft plan out until August, though, you are going to end up with slippage in the agreed time line, aren't you?

Mr Freeman: That is correct. It is very difficult. The public consultation period is a minimum of 16 weeks. The authority has determined that it believes it does not need any longer than 16 weeks at this stage. Then there are a whole lot of steps which cumulatively, as we talked about before, could be up to some 40 weeks. However, some things can be run in parallel. So, yes, if the proposed basin plan is not released prior to August it starts to become difficult to meet those double time lines.

Dr Grimes: I apologise for jumping in but I may be able to assist a little further in the matters that Mr Freeman is covering. Of course the authority is working quite closely with the states and the relevant territory. Certainly as a department in the things we do we are working well with our state and territory colleagues to ensure that we are working together in a good, joined-up way to help with the consideration of the plan once it has gone through the stages of being a proposed plan through to a final plan and that we can work well through the ministerial council processes that are provided for in the Water Act in a smooth way. So we are certainly working closely with our interstate colleagues in preparation for that. Of course that is still some way off yet. The authority needs to do its work in preparing a proposed plan in the first instance and then a final plan.

Senator BIRMINGHAM: Has either the department or the authority flagged a possible extension to the time necessary—a further extension to the state departments? Dr Grimes, you have indicated that there is a close working relationship there and you are trying to smooth the way to make sure things run as quickly as possible.

Dr Grimes: We are certainly working on it. As you will recall, Senator, the ministerial council dealt with this matter at its meeting in December and resolved to work together towards a plan in the early part of 2012. We have certainly been working on that basis.

Senator BIRMINGHAM: At this stage there is no request from the states for a further extension to that?

Dr Grimes: No. We are working to that timetable.

Senator BIRMINGHAM: But, Mr Freeman, if you are at the latter end of your spectrum of June, July, August, then you will run into trouble with that time line and there will need to be discussions with the states.

Mr Freeman: The Water Act does not require the authority to make the Basin Plan at a particular date. However, the Water Act does require the authority to make the Basin Plan as soon as practicable. Of course, it will comply with that. What we have indicated is that our intention is to release a proposed Basin Plan as soon as possible after we have given due consideration to the outcomes of the inquiry and to produce a Basin Plan in time for that to be

tabled in the Commonwealth parliament in early 2012. We believe they are both still achievable. I guess there is no definitive time line. We are trying to meet both of those commitments.

Senator BIRMINGHAM: I understand that, Mr Freeman, but we all know the Water Act does require some of the states to fill certain obligations by 2014 and that, under the intergovernmental agreement, the agreement with those states was that the final Basin Plan would be provided this year, in 2011. It is now agreed by the states to vary that term of the IGA to early next year, early 2012. Obviously if that slips further then the capacity, surely, of the states to do their job is under threat?

Mr Freeman: I cannot speak for the states but the authority is still endeavouring to get a proposed Basin Plan out to meet the time line as indicated and a Basin Plan in early 2012, as requested by all jurisdictions.

Senator BIRMINGHAM: I know you cannot speak for the states, Mr Freeman, but the time line that was agreed with the states was to give them ample time. In advice you have provided to the minister that I have obtained under FOI it is quite clear that the states will have difficulties in even meeting the time line of early next year to 2014. If that time line was further truncated there would be clear difficulties for the states to meet their legislative requirements under the Water Act, would there not?

Mr Freeman: In my opinion there is a significant task between the production of the Basin Plan and bringing into force a compliant water resource plan. That is the point I was making in that brief—that there is a significant body of work for a state to bring in a compliant plan and some of the dates are as early as 2012. So I guess it depends on how much work a jurisdiction has done in preparing for a Basin Plan that has not yet come to fruition. So I was just highlighting to the minister that there is a significant pressure on time here for the proposed Basin Plan, but then there is a significant pressure on jurisdictions to bring in compliant water resource plans in accordance with that schedule of the act.

Senator BIRMINGHAM: Have any of the states given you a drop dead date—a time beyond which, if the Basin Plan is not finalised, they would not be able to meet their obligations under the Water Act?

Mr Freeman: No, they have not.

Senator BIRMINGHAM: Can I move to a different issue. In response to question on notice No. 35 the authority has outlined that it engaged the services of Jennifer Westacott, Lindsey Nielsen, Brendan Rynne and Peter Sutherland. It goes on to state that Peter Cosier and Karlene Maywald have been appointed as members of the proposed Basin Plan testing committee. I understand the names I mentioned have previously been engaged to assist in essential policy elements of the proposed Basin Plan. Can we deal with the two parts to this. The first is the proposed Basin Plan testing committee. What is the full membership of that committee?

Mr Freeman: The full membership of the testing community committee is Karlene Maywald, as you indicated. Peter Cosier was originally a member and has recently withdrawn. The other members are Dr Thomas Parry, Mal Peters, Christine Forster, Jeff Angel, Kel Baxter, Joan Burns, who is the chair of the Murray-Darling Basin Community Committee, and Ian Todd, a Queensland farmer.

Senator BIRMINGHAM: When were members of this committee appointed?

Mr Freeman: On 30 March, I believe. There would be two exceptions. Both Mr Todd and Christine Forster were appointed at a subsequent date. Christine Forster comes from Victoria.

Senator BIRMINGHAM: Have any, aside from Mr Cosier, withdrawn?

Mr Freeman: No, they have not.

Senator BIRMINGHAM: When did Mr Cosier withdraw?

Mr Freeman: I think I would have to take that on notice. It was possibly about three weeks ago, but I think it would be better if I took that on notice.

Senator BIRMINGHAM: Was it early May?

Mr Freeman: Approximately, but I think I would rather give you an accurate answer.

Senator BIRMINGHAM: Are members of the committee paid?

Mr Freeman: Yes, they are.

Senator BIRMINGHAM: Are they are paid a sitting fee?

Mr Freeman: They are paid a daily fee per meeting. There is quite a significant amount of preparation, so it is just one fee per meeting but that includes preparation, reading et cetera.

Senator BIRMINGHAM: What is the fee per meeting?

Mr Freeman: The fee is \$2,200 per meeting. That is plus travel and accommodation, if required.

Senator BIRMINGHAM: How often has the testing committee met since its appointment on 30 March?

Mr Freeman: Dr MacLeod is looking for that. The actual date of Mr Cosier's resignation was 29 April.

Senator BIRMINGHAM: So he did not last quite a month—30 March to 29 April. Is there a duration of appointment for this committee, or is it expected that it only lasts up until finalisation of the draft Basin Plan or finalisation of the Basin Plan?

Mr Freeman: I would have to refer back to the instrument of appointment. I cannot recall. I could take that on notice.

Senator BIRMINGHAM: Perhaps somebody is able to advise you there, Mr Freeman.

Mr Freeman: We do not have that information with us.

Senator BIRMINGHAM: You do not know whether this committee will continue after the draft Basin Plan is released?

Mr Freeman: I am not sure of the term of engagement of the testing committee. I would have to have a look at the instrument of appointment.

Senator BIRMINGHAM: If somebody is able to provide us with that answer while we are going along, because we are here for a few hours, that would be helpful. You were about to tell us how often they have met since 30 March.

Mr Freeman: The committee has met on six occasions now.

Senator BIRMINGHAM: Six occasions already. Is there a schedule of forward meetings or is this determined on an as needs basis?

Mr Freeman: It is essentially as needed. I think there is one future meeting planned in a schedule as approved by the authority. It is essentially as needed, but there is an eye on what additional meetings would be required. I believe there is one further meeting that is in that schedule.

Senator BIRMINGHAM: Do you know when that is?

Mr Freeman: No. We do not have that here.

Senator BIRMINGHAM: What is the role of the Basin Plan testing committee?

Mr Freeman: Essentially its terms of reference are around commenting on the expression of proposed policy positions. It is to comment on how the proposed policy position might be viewed by the public and whether it is appropriately expressed. It is not in the business of determining policy positions. Where it believes that the expression will not adequately convey the policy position then it can propose possible alternative expression, but it is very much in that expression space rather than the policy determination space.

Senator BIRMINGHAM: It sounds a bit like a standing focus group, in a sense.

Mr Freeman: The chair has referred to it as his stress-testing group. It is a focus group. That might be another expression for it. It is really around—

Senator Conroy: The consultation process.

Mr Freeman: I think it is fair to say that the authority has found, particularly with its experience with the guide, that one of the biggest challenges here is communication and adequately conveying its positions. Therefore, it has taken this additional committee on board, the 203 committee, under the act, to test its expression before it goes out publicly.

Senator Conroy: And we need to know exactly what the differences are between your position and Barnaby's position. That committee will be talking to you both.

Senator BIRMINGHAM: Barnaby and I have fronted more meetings together than either of us can remember.

Senator Conroy: Walking both sides of the street is your speciality.

Senator JOYCE: You would be surprised to know that we are remarkably on the same page.

Senator Conroy: Remarkably on the same page, just like you are on the same page on climate change.

Senator JOYCE: No, I am on the same page as you, Senator Conroy.

Senator Conroy: We are rarely on the same page except on broadband rollouts, where you are on the same page as me. And in writing you are on the same page as me, Senator Joyce.

CHAIR: Let us get back to your page, Senator Birmingham.

Senator BIRMINGHAM: Thank you very much indeed. Can we focus on one page at a time?

Senator Conroy: I have you in writing on the same page.

Senator BIRMINGHAM: This committee is about testing expressions. That was the phrase he used there, Mr Freeman. So the committee does not have a role in commenting on the actual policy determinations?

Mr Freeman: It has a role in commenting on the policy position as to what community response might be. It certainly does not have a role in suggesting alternative policies.

Senator BIRMINGHAM: So its primary role, then, is essentially to advise on how policy positions may be so that they are received in a better light?

Mr Freeman: No. That is one of the terms of reference. The other term of reference is what the community response may be to a proposed policy position. So it is about accuracy of communication on the policy position rather than the expression to make it more palatable.

Senator BIRMINGHAM: How many of the meetings had Mr Cosier attended before he resigned?

Mr Freeman: I would have to take that on notice.

Senator BIRMINGHAM: Did Mr Cosier provide a written statement of departure? To whom did he resign?

Mr Freeman: Again, I would have to take that on notice. I believe there may have been an email exchange but I need to check.

Senator BIRMINGHAM: Do you know who that email exchange may have been with?

Mr Freeman: I believe it was with the chair; however, I would rather take it on notice and make sure I gave an accurate answer.

Senator BIRMINGHAM: By the term chair you mean Mr Knowles?

Mr Freeman: That is correct.

Senator BIRMINGHAM: Who chairs the Basin Plan testing committee?

Mr Freeman: The testing committee has generally been chaired by someone from the working group, the other committee. It has been chaired by both Don Frater and Jennifer Westacott at various times. I do not believe there have been any other chairs.

Senator BIRMINGHAM: I will go to what the other body is and then we can see whether we can tie up the loose ends from there. In addition to these people on the Basin Plan testing committee, we also seem to have some others who have been appointed to particular roles who you have not mentioned but have been appointed to assist the authority in the ongoing development of the central policy elements of the proposed Basin Plan. Are these simply a series of individual consultants who are working with the authority or is there some structural committee that they are working through?

Mr Freeman: Many of these people are undertaking consulting work for the authority but they come together as a collective, in what we call the Proposed Basin Plan Working Group. They are engaged to undertake pieces of work but the integration of those pieces of work occurs through the working group.

Senator BIRMINGHAM: And this is a policy advisory committee, in contrast to the Basin Plan testing committee?

Mr Freeman: Yes. This is a working group that includes members of the authority staff. This is where we are actually developing proposed policy positions for consideration by the authority.

Senator BIRMINGHAM: Who are members of this working group?

Mr Freeman: The members are Simon Corden, who is the director of government advisory services at KPMG; Brendan Rynne, who is the chief economist and a partner at KPMG; and Don Frater, who is also the director of climate change and sustainable services at KPMG. KPMG have won a body of work. As I said, they are undertaking work and those people are then carrying that work forward into the working group. The other members of the working group are Professor Lindsay Nielsen, a former bureaucrat from Victoria; and Peter Sutherland, a business group manager from GHD. Jennifer Westacott, who was part of KPMG, was a member until 1 April 2011. Then there are various executive staff from within the authority, including me and Dr Macleod.

Senator BIRMINGHAM: So Ms Westacott is no longer a part of the working group since she ceased to be a partner at KPMG?

Mr Freeman: Jennifer Westacott did participate in a pro bono arrangement for at least one subsequent meeting after her leaving KPMG.

Senator BIRMINGHAM: So essentially it is the authority staff, the KPMG consultants and Professor Nielsen and Mr Sutherland?

Mr Freeman: Yes. There is also an officer from SEWPAC, our sister agency, that also attends.

Senator BIRMINGHAM: This working group has been meeting since when? When was it formed?

Mr Freeman: They first met on 25 March.

Senator BIRMINGHAM: I assume it is a matter of ongoing meetings and work?

Mr Freeman: Yes, it still continues.

Senator BIRMINGHAM: Have there been or is there—

Mr Freeman: That committee does have a finite time line because it is developing positions in the proposed Basin Plan. That committee does not continue past the end of June.

Senator BIRMINGHAM: So it can go up to the end of June under current arrangements?

Mr Freeman: The arrangements that have been put in place could endure till the end of June but not past that point. That does not mean that it might not be discontinued prior to that date.

Senator BIRMINGHAM: In terms of other input external input you have had into developing the proposed Basin Plan, am I right in understanding that you also conducted a science forum recently?

Mr Freeman: Yes, we did.

Senator BIRMINGHAM: When was that held?

Mr Freeman: That was conducted on 3 and 4 May.

Senator BIRMINGHAM: What was presented to this two-day science forum?

Mr Freeman: I think Dr MacLeod participated on the 3rd. I did attend the second day, the summing-up session, but Dr MacLeod could best outline what was discussed on the 3rd.

Dr MacLeod: In terms of the science forum on 3 May, the authority staff, the technical staff, presented information relating to explaining the current diversion limits and the baseline in the basin and also how the authority had gone about approaching the question of tackling the environmentally sustainable level of take. They outlined the various methods and approaches and the underpinning assumptions. Those were then discussed by the members of the science forum.

Senator BIRMINGHAM: Were options for, or recommendations of, new sustainable diversion limits presented to the science forum?

Dr MacLeod: We discussed with the science forum a wide range of different scientific methods and the resulting numbers that come out of those. No specific methods were identified as being specific areas. We pointed out the various methods and the results that you would get from those and we then opened up the questions to assess whether the authority had availed itself of the best available science in respect of its approach.

Senator BIRMINGHAM: How many participants were there in the science forum?

Dr MacLeod: There were eight participants.

Senator BIRMINGHAM: Are you able to detail who they were?

Dr MacLeod: I can indicate who they were. There was Bill Young from the CSIRO; Garry Jones from the eWater CRC; Don Blackmore from the eWater CRC; Richard Kingsford from the University of New South Wales; Keith Walker from the University of Adelaide; Justin Brooks from the University of Adelaide; and Terry Hillman, who is a member of the sustainable rivers group. In addition to that, Stuart Bunn from Griffith University was able to participate in a portion of the meeting, as was Rob Vertessy from the Bureau of Meteorology.

Senator BIRMINGHAM: Thank you for that. But in no way were recommendations or proposals put to this science forum that suggested this was the likely recommendation or likely direction that the authority would take with regard to revised sustainable diversion limits?

Dr MacLeod: No. At no point did we actually say there were specific recommendations. We presented all of the lines of evidence and sought feedback in respect of whether we had availed ourselves of the best available approaches and evidence in reaching those conclusions.

Senator BIRMINGHAM: Have such potential recommendations or directions of thinking for the authority been presented to either the working group or the testing committee?

Dr MacLeod: The same broad lines of evidence have been presented to the testing committee and also to the development working group and to the authority, yes.

Senator BIRMINGHAM: I want to be very clear here. Has the authority set a new parameter for the sustainable diversion limits that it is considering in the proposed Basin Plan, a new parameter that may differ somewhat from the guide to the Basin Plan?

Dr MacLeod: No, the authority have merely indicated that we have obviously undertaken significant work since that point in time and we were seeking to make sure that that was

presented such that there was broader understanding of how the evidence had moved forward. But no specific proposals have been tabled and the authority is still considering the final proposals that it will make in terms of sustainable diversion limits.

Senator BIRMINGHAM: So even to the six meetings of the testing committee—getting their feedback at \$2,200 a day per person—have there been recommendations or proposals or directions from the authority?

Dr MacLeod: Other than outlining the broad lines of evidence, there have been no specific recommendations.

Senator BIRMINGHAM: Did Mr Cosier give reasons as to why he resigned? Sorry, do you need to update that previous answer?

Mr Freeman: The authority has considered proposed policy positions. They have not been expressed in number terms. But certainly the authority has considered policy options which would lead to a number change. The numbers have not been the point of discussion. Those proposed policy positions have also been discussed with the working group. I have not participated in the testing committee, but the proposed policy positions have not been discussed with the testing committee. I think Dr MacLeod's answer might have indicated that there has been no discussion around variation. There has been discussion around different policy positions, given the feedback we have received and some of the ongoing modelling. That has not then been reduced to a number.

Senator BIRMINGHAM: So, if we look at it with a layered approach, there is a number, there are the policy positions that will lead to that number and then there is the science and research that informs the whole shebang? That is a gross simplification, I have no doubt. The number or options for the number have not been presented to the science forum, the working group or the testing committee?

Mr Freeman: It is fair to say that in discussing issues numbers have probably been used to make these positions, the science et cetera, tangible. They are not the decisions of the authority. The authority has been stepping through the policy issues that underpin a number and has made preliminary decisions with regard to those policy issues. It is as you outlined: we are confirming that we have used the best available science for the foundation. On that science there are policies to be determined which ultimately lead to expressions, which are numbers. The number component has not been the subject of decision making.

Senator BIRMINGHAM: The policy issues or policy decisions the authority has taken in principle at this stage have been discussed by the working group but were not presented to the science forum or the testing committee?

Dr MacLeod: The policy positions were not presented to the science forum. Some of the broad policy positions in terms of the expression that might go around them have certainly been discussed by the testing committee but they were not presented to the science forum.

Senator BIRMINGHAM: Obviously the underpinning science has been discussed by all of them?

Dr MacLeod: Yes.

Senator BIRMINGHAM: Did Mr Cosier give reasons for his resignation when he departed the testing committee?

Mr Freeman: I would have to take that on notice so that I could actually look at the form of his resignation. As I indicated in a previous answer, I do need to check the form of his resignation and what he said in that.

Senator BIRMINGHAM: Has he had a conversation with either you, Mr Freeman, or you, Dr MacLeod, since he resigned?

Mr Freeman: No, not with me.

Senator BIRMINGHAM: Has he had a conversation with the chair?

Mr Freeman: I believe he has, yes.

Senator BIRMINGHAM: The chair has not decided to inform you of what the concerns were that led to his resignation as result of that conversation?

Mr Freeman: I am fairly sure that I have seen the email. I just cannot recall the actual reason for his withdrawal that is expressed in that—

Senator Conroy: I thought Mr Freeman said he would take that on notice because he wanted to make sure he gave you a correct and accurate answer.

Senator BIRMINGHAM: I welcome that, but perhaps—

Senator Conroy: You are simply asking the same question again after a long lead-up.

Senator BIRMINGHAM: Thank you, Minister. Your constant advice is always a welcome source of amusement for us all.

Senator Conroy: Here to please.

Senator BIRMINGHAM: We have many hours ahead of us in this output. If some of the staff either here or back at the authority could try to find the email from Mr Cosier by the time we get to the dinner break tonight that would really be quite helpful.

Senator Conroy: We have taken that on notice, Senator Birmingham.

Senator BIRMINGHAM: Minister, I know what that means. That means I get to see it when we next meet, in October. That is really not terribly useful for the examination of these estimates. I am quite confident that it is well within the capabilities of the authority to locate that email of resignation from Mr Cosier and to ensure that Mr Freeman is informed in the answers he is giving today.

Senator Conroy: We have taken it on notice, Senator Birmingham, and we will follow the rules of the Senate.

Senator BIRMINGHAM: So you have absolutely no desire to be helpful, Minister?

Senator Conroy: I think we are being very helpful in making sure that you get an absolutely accurate answer.

Senator BIRMINGHAM: No, you are not being helpful at all. You are being extremely obstructionist. You know full well—

Senator Conroy: We are following the rules of the Senate.

Senator BIRMINGHAM: Why don't you write your email address down for Mr Freeman and you could get it sent to your iPad or your laptop or your BlackBerry or your iPhone, all of which are sitting in front of you?

CHAIR: Senator Birmingham, order! If you have a question then ask the question. I do not think the minister needs the lecture. If you continue that it will break down pretty badly, I think. So if you have any questions go to your questions.

Senator BIRMINGHAM: Is there a technical reason why you could not get the email to us today, Mr Freeman?

Senator Conroy: As I said, we have taken it on notice, Senator Birmingham, which is what—

Senator BIRMINGHAM: I have asked a different question, Minister.

Senator Conroy: which is what the rules of the Senate entitle the government to do. All questions come to me and I then pass them on. You well know the rules. I have taken that on notice.

Senator JOYCE: You have fibre there.

Senator Conroy: I have a piece of fibre so I know it will get here quickly.

Senator JOYCE: It is not working too well.

Senator Conroy: No, it is working fine.

Senator BIRMINGHAM: I just do not understand what you want to hide in this regard, Minister.

Senator Conroy: It is not about hiding; it is about ensuring that you get an accurate and correct answer. I have taken it on notice, as is allowed and incorporated in the rules of the Senate estimates procedures.

Senator BIRMINGHAM: The old ‘justice delayed is justice denied’ saying springs to mind in this regard.

Senator Conroy: Unfortunately, I am not a lawyer.

Senator BIRMINGHAM: Nor am I, actually, Minister. Nonetheless, my question—and you may want to take it on notice as well—was: is there a technical reason why the department would not be able to come up with these answers today?

Senator Conroy: As I said, I will take that on notice and see if the minister has anything he would like to add.

Senator BIRMINGHAM: Why are you protecting this email so emphatically, Minister?

Senator Conroy: I know nothing about the email. I am just properly following the process.

Senator BIRMINGHAM: No, you are being belligerent and unhelpful.

Senator Conroy: I am not being belligerent at all. I am offering to help and I have taken it on notice.

Senator BIRMINGHAM: It is not particularly helpful to not get an answer until October.

CHAIR: Senator Birmingham, we all know Senator Conroy and he is certainly not being belligerent or unhelpful.

Senator BIRMINGHAM: Had the changes to the policies that the authority is applying been presented to the testing committee at any of its meetings prior to 29 April?

Dr MacLeod: Not to my recollection, Senator.

Senator BIRMINGHAM: No? So those changes came subsequent to Mr Cosier's resignation?

Dr MacLeod: In terms of the policy proposals, the authority has been considering these over a period of time. I am not able to provide details of when they may have resolved these matters and its relationship to the date of 29 April. I would have to refer back and again take it on notice to provide you with a specific answer on the interaction of those dates.

Senator BIRMINGHAM: You attend the meetings of the testing committee, Dr MacLeod?

Dr MacLeod: On occasion I do attend those meetings.

Senator BIRMINGHAM: On occasion?

Dr MacLeod: Yes.

Senator BIRMINGHAM: Not all of them?

Dr MacLeod: Not all of them.

Senator BIRMINGHAM: You have not attended all of them—okay. Did Mr Cosier express to you at any stage concern about changes in the policies applied?

Dr MacLeod: No.

Senator BIRMINGHAM: Nor did he to you, Mr Freeman, prior to his resignation? We have ascertained that he did not after his resignation.

Mr Freeman: No, he did not.

Senator BIRMINGHAM: Have you seen the various media reports that have related to Mr Cosier's resignation?

Mr Freeman: I have seen some media reports, yes.

Senator BIRMINGHAM: Some of them have suggested a new figure of 2,800 gegalitres.

Senator Conroy: I do not think you can ask the officers to speculate on newspaper articles.

Senator BIRMINGHAM: The officers can certainly inform us whether the content of the newspaper of article is correct or incorrect, Minister. I am not asking to them to speculate.

Senator Conroy: Has any decision being made?

Mr Freeman: No.

Senator Conroy: No. So you are asking them to speculate and the only way to—

Senator TROETH: With respect, Minister, that was a fair question. As I understood it, Senator Birmingham asked you to confirm or deny a particular figure, not whether a decision had been made.

Senator Conroy: Yes, and now you are playing 20 questions. He could then proceed to ask 50 different numbers waiting for a yes or a no.

Senator TROETH: That is hypothetical speculation and you know that.

Senator Conroy: That is correct; that is my point.

Senator TROETH: On your part. You cannot forecast what Senator Birmingham is going to ask.

Senator JOYCE: Chair, I have a fair few questions.

Senator BIRMINGHAM: I am happy to share the time with Senator Joyce—

Senator Conroy: You are on the same page.

Senator BIRMINGHAM: seeing as I have been going for over half an hour.

Senator JOYCE: Thank you very much for that. Just off the top—and I suppose it leads to what Senator Birmingham has been saying—the Wentworth Group of Concerned Scientists have pulled the pin. Where are we heading now—a slightly less concerned group of scientists, a mildly antagonised group of scientists or an extremely upset group of scientists? Who has taken their place?

Mr Freeman: Mr Cosier was engaged in the testing committee not as part of the Wentworth group. Mr Cosier was requested to participate with the science forum and he chose not to, but again that was not as the Wentworth group. So I do not believe he gets replaced by anybody.

Senator JOYCE: Fair enough. Is it your understanding that all of the concerned scientists have pulled out of the process, or is it just some of them? Are some of them more concerned than others?

Senator Conroy: I am not sure Mr Freeman could quite comment on whether scientists are concerned. He can let you know who has pulled out and who has not.

Senator JOYCE: They are called the Wentworth Group of Concerned Scientists. I just want to know whether they are all concerned to the same extent or some are less concerned than others.

Mr Freeman: There is the group of scientists called the Wentworth Group of Concerned Scientists. Some of the members of that group the authority continues to have constructive dialogue with. We are not consulting them as the Wentworth Group of Concerned Scientists; we are talking to various scientific experts and some of them happen by chance to also be members of that group.

Senator JOYCE: What does it practically mean for the basin plan process?

Mr Freeman: What does—

Senator JOYCE: What does these people moving out of this group mean for the basin plan process—anything, nothing; how do you see it?

Mr Freeman: Mr Cosier's withdrawal from the testing committee does not change the timelines the testing committee might have been meeting. Any decision by Wentworth group scientists not to participate in the science forum does not change the work that we are doing with scientists to confirm that we are availing ourselves of the best available science and that we are using it in the most appropriate way.

Senator JOYCE: Have the concerned scientists or the not so concerned scientists—

Senator Conroy: They are very concerned scientists.

Senator JOYCE: or the formerly concerned scientists indicated that they will not even make a submission to the basin plan now?

Mr Freeman: Is that the Wentworth group?

Senator JOYCE: Yes, the Wentworth group.

Mr Freeman: I am not aware. To the best of my knowledge, no, they have not indicated that they will not make a submission.

Senator JOYCE: Can you inform us of any developments in your understanding of the science since the release of the guide?

Mr Freeman: I think Dr MacLeod is probably best placed to answer that. I guess in broad terms we have received additional science from jurisdictions. We have continued to undertake modelling within the authority and it has allowed us to, I think, have a greater level of confidence in some of the modelling outcomes that we had previously indicated in the guide. So we have continued the modelling over the last six months, but Dr MacLeod can probably answer on the additional science in a bit more depth than that.

Dr MacLeod: The proposals that were contained within the guide that was released last year were based on an end of system flow analysis. The authority did receive significant volumes of feedback commenting on that particular approach. Much of that feedback commented on it as being simplistic and perhaps not the best way to represent the hydrology of the basin and the particular water requirements of the environment in the basin. We also did, as Mr Freeman indicated, receive more specific information from jurisdictions, particularly with regard to the northern basin in terms of both the hydrology and the ecology in particular locations, which we have then looked to take on board. That did result from a range of meetings with state government organisations but also with local irrigator groups who have a very detailed understanding of some of the local issues in the northern basin. As Mr Freeman also indicated, the main issue that the authority has been focusing on is moving forward with completing the modelling approach that we were developing around hydrological indicator sites and looking at the flow regimes at 106 locations across the basin. The main difference between the two approaches is that the end of system flow analysis effectively treats all parts of the flow regime exactly the same, so it does not really look to target the ecologically significant parts of the flow regime, whether it be base flow, freshes, overbank flows—it just looks to try to get everything to the same level. The approach under the hydrological indicator site method is much more targeted towards the ecologically significant parts of the flow regimes at each of the locations in the basin. That modelling work is approaching its completion. Generally speaking that has been the approach that we have been adopting or moving forward with since the outset of the basin plan but it has required significantly longer to finalise all of that work, hence the use of the end of system flow analysis to inform the guide.

Senator JOYCE: I got all of that. So is the science is settled?

Dr MacLeod: I think it would be difficult for anyone to suggest that the science will be settled. In effect we believe that we have brought to bear the best available. The authority has been quite clear from the outset that we do not believe that it is necessarily best possible. However, we believe that to achieve best possible would require significant investment over many years to improve many of the weaknesses of the current evidence base that exists in the basin. The weaknesses in the evidence base are particularly in some of the ecological responses across the basin and also some of the social and economic understanding, particularly at a very local scale in terms of how impacts play out within local communities.

Senator JOYCE: So the science could change over time?

Dr MacLeod: The science could change over time and it does change over time.

Senator JOYCE: It does everywhere, really, doesn't it?

Senator Conroy: I think that is a leading question, Senator Joyce.

Senator JOYCE: In some areas apparently science never changes.

Senator Conroy: The laws of physics have not changed for a while. Fibre is still better than wireless.

Senator JOYCE: There were obviously deficiencies in the initial guide. The science is different now to what it was then, you have more information and you are more proficient. But, as you said, science is never settled. How do we know that in the future the science will not change again and put us back to square one?

Dr MacLeod: The authority has quite been quite clear that the option exists for amendment to the basin plan based on new information or new evidence as it may be brought forward.

Senator JOYCE: Did you say amendment to the basin plan?

Dr MacLeod: Provisions are available within the act for amendment to the basin plan, yes.

Senator JOYCE: Based on the science?

Senator Conroy: Based on further information, I think he said.

Senator JOYCE: I am listening.

Senator Conroy: Intently.

Senator JOYCE: Very—on a whole range of fronts.

Senator Conroy: Always.

Senator JOYCE: So, if the science changes in the future, we could go back to the riot situation we had?

Senator Conroy: I do not know that you can ask him to speculate much further than what he has said to you.

Senator JOYCE: We all acknowledge that at the start we had a virtual riot and then after that the science changed. And now—

Senator Conroy: I think it was more information.

Senator JOYCE: we have another position which you know about but we do not know about. No doubt we will find out about it. We know that the position has concerned the concerned group of scientists so much that they have left. What that means is that, if those scientists have left and some of those scientists at a future date come back and they are in a key position to determine the science, then it will be the concerned group of farmers that we will be very worried about, as they—

Senator Conroy: You lost me there, Senator Joyce. Help me out.

Senator JOYCE: That is not hard. This seems a very amorphous position. It seems a little bit, dare I say, inspired. It might be inspired in the farmers' favour, which I might not have a problem with. But it still seems inspired that the science had it delivered—I do not think that Mr Freeman, and I wish you well in your future, Mr Freeman, or Mr Taylor or any person on

the board is incompetent. I think they are highly competent people who have done the best job of analysing an act in absolute coherence with the Australian Government Solicitor's advice. They came out with a position; we had a virtual riot, and we had to work out a way to get around it.

CHAIR: Senator Joyce, can you ask a question.

Senator JOYCE: Apparently the only way to get around it was to say the science changed, because that was the only movable section of the act. So—surprise, surprise—the science changed. What I want to know is whether in the future—and you have said, Mr MacLeod, the science could change back—

Senator Conroy: No, you suggested that the science could change back.

Senator JOYCE: Is the science settled?

Senator Conroy: You said 'change back'. The science could change in a different direction.

Senator JOYCE: Is the science settled?

Senator Conroy: I am not involved but I think Mr Freeman may have some interest—but I think we are about to go to a tea break, so you might have to wait till after.

Mr Freeman: No, the science is never settled. There is no doubt.

Senator JOYCE: I love the sound of that.

Mr Freeman: We are dealing with a dynamic system here. We are dealing with a system—as you are well aware, it is a natural system and the science will—

Senator JOYCE: It is a natural system?

Mr Freeman: It is 'natural' as in a system that is generally—

Senator JOYCE: Natural is climate.

Mr Freeman: impacted by nature. I think there is a misunderstanding, though, on the Wentworth group's response. Mr Cosier was part of the testing committee. The testing committee was not the committee that was probing the science. Mr Cosier chose to leave the testing committee. The Wentworth group chose not to participate in the science forum. They have not been deciding to leave—they were never really in, because they decided not to participate.

Senator Conroy: They could not get out because they were never in to start with.

Mr Freeman: That is correct. The Wentworth group never participated in the exposure of the science.

Senator JOYCE: Is that how they would see it?

CHAIR: Senator Joyce, it is now time for the break.

Proceedings suspended from 15:45 to 16:03

Senator JOYCE: Have you run scenarios on certain SDL limits?

Dr McLeod: Every one of our lines of evidence represents a certain scenario.

Senator JOYCE: So you have done scenarios on SDL limits and you have done scenarios on SDL limits below 3,000 gigs?

Dr MacLeod: Yes.

Senator JOYCE: Have you done them lately?

Dr MacLeod: We have been running a whole variety of different scenarios for the last 18 months.

Senator JOYCE: And you continue to do them?

Dr MacLeod: We do continue to do them.

Senator JOYCE: You would have done them since Mr Knowles arrived?

Dr MacLeod: Yes, we have continued the modelling since that time.

Senator JOYCE: How do you pick a scenario that you are going to run? Does somebody say, 'Run this scenario'?

Dr MacLeod: In general terms the way in which the integrated hydrological modelling framework operates is that we are constantly exploring the different options that we have within those models. At any one of the 106 locations that we are dealing with, there are potentially between five and 10 different elements of the flow regime that we are interested in. At the same time, there are many hundreds of additional variables within the models that we have the opportunity to change, depending on particular operating rules within the system. Therefore, we are constantly exploring within that the way in which each of those elements of the flow regime interacts with the various operating rules and the choices that we have in terms of managing water in the system.

Senator JOYCE: To save time, are there bookends of scenarios that you do not run? Do you say, 'We are not going to bother running a scenario under 1,000 gigs and we are not going to bother running a scenario over 7,000 gigs'?

Dr MacLeod: In general terms, we have not explored scenarios at the very top end of the spectrum in terms of 7,000 gigs, which was in the guide. Most of the effort has been in exploring options that are around the 3,000 to 4,000 gig scenarios that were presented in the guide last year—that is representative of the end of system flow analysis—and updating that to reflect the most ecologically significant parts of the flow regime. So, in some locations where the flow regimes are already above the target parameters, we do not try to pursue that further. For example, in the Paroo, which is already a system that is well looked after, we obviously do not expend much effort in undertaking detailed modelling.

Senator JOYCE: There is not actually anything that happens on the Paroo. I imagine only about two per cent of the water is used.

Dr MacLeod: Correct.

Senator JOYCE: Basically I imagine that you would not have done any scenarios on the Paroo because, except for the date farm, it does not have any irrigation.

Dr MacLeod: We have been exploring those parts of the basin where we have lots of different variables and where the flow regimes are the most impacted by river regulation.

Senator JOYCE: Have you done scenarios between 2,000 and 3,000 lately?

Dr MacLeod: I do not have the details of exactly which model runs we have actually been running, but we have certainly been exploring options within those ranges to understand the thresholds and our ability to meet the targets specified.

Senator JOYCE: Tell me how you would go about choosing a scenario. Do you just walk into work and say, 'I feel like doing a scenario' or does someone ring you up and say, 'Can you run a scenario for this for me'?

Dr MacLeod: Before you actually start looking at an individual scenario, it is not a case of saying, 'We are going to run a scenarios for 2,000 or 3,000'. It is more a situation of actually stepping back and looking at each of the locations that we are interested in in the basin and identifying a series of objectives and targets that we are trying to achieve. That invariably looked at the flow regimes. We say, 'Well, at this location we are trying to restore a certain part of the flow regime to 60 per cent' or whatever we think is reasonable—60 per cent is generally the target that we have chosen. We would then use all of that to run through a model to actually try to understand what is the scale of change that that offers at a basin scale. We would then present the information that comes out of that. Typically, a scenario will take anywhere between three and six weeks to actually run through the hydrological modelling platform.

Once we have an output, we would then test that again to see, given the 114 years of records, exactly how often we meet targets at the various locations. So it is a fairly involved process of identifying ecological objectives and targets at each one of the locations, pushing those environmental water requirements into the models, looking at all of the other rules within the models that we have opportunity to utilise to achieve those targets, then scaling that up to a basin scale to say that therefore represents a scenario of 2½ thousand or 3,000 or whatever it might be, then using that to disaggregate it and say, 'This is exactly how that would play out in terms of the 114 years of historical record'.

Senator JOYCE: Do you do scenarios that take into account the effects of climate change?

Dr MacLeod: We are using the full 114 years of historical record as the basis for all of our modelling. The position that the authority has taken in respect of that is that that represents the best historical record to use for modelling likely climate change. That has been confirmed by some of the work from CSIRO.

Senator JOYCE: So that involves less water?

Dr MacLeod: The full 114-year climate record includes significant drought periods and also significant flood periods so it represents the best picture of both dry and wet and medium type events.

Senator JOYCE: Does it deal with changes in temperature?

Dr MacLeod: All of those historical records deal with all of the information on changes of temperature that may have been experienced over that 114 years.

Senator JOYCE: Does your trend say drier or hotter?

Dr MacLeod: In general terms in climate modelling, the best work that is available indicates that it is not possible to identify a specific climate signal within the high variability within the basin. Therefore, you fall back to using the full 114 years of records as the best—

Senator JOYCE: That makes sense. You use the 114 years of records that you have because there is not the information to try and determine a climate signal in the basin.

Dr MacLeod: No.

Senator JOYCE: That is very good information. Will the science under the proposed plan receive an independent science review?

Mr Freeman: The science has been peer-reviewed, but it is fair to say that is the individual elements of the science base. What the science forum was to achieve was whether we had integrated those various scientific components, which have all been independently assessed in the most appropriate way. The authority will continue to explore the question, and to get it assessed: has all of the body of science been used in the best possible integration? As with all of our peer review, that is independent. So there is a body of independent science that is already there. I think the question that is currently being asked is whether the additional work that we are undertaking has been independently assessed. That was what the science forum was actually put together to do.

Senator JOYCE: Who will do the review?

Mr Freeman: The group of scientists that Dr MacLeod outlined before was the group of scientists that we had asked to give us advice on three issues. Have we used the best available science? And the authority believes we have, but we want that independently assessed. Has that science been used appropriately? That is the question of whether it all fits together in the most appropriate methodology. And, finally, what are the areas of future science? I indicated before in answering a question around science that the science changes. I think that may mislead the committee. The issue here is that science does not randomly change. What we are doing is getting—

Senator JOYCE: More information.

Mr Freeman: That is right—more precise knowledge. It is not as if it varies and can change randomly; it is about more precise knowledge. The hydrological data set that you have been exploring with Dr MacLeod is actually our strongest data set—114 years of records is very strong. As we have indicated previously, the ecological response to different water regimes is less precise and it is an area for future science. The weakest data set is that economic and social data set.

Senator JOYCE: I understand exactly what you are saying. The speed of sound does not change, but investigation as to what is making the noise might. What I do notice is that, from the 140 years of data, we cannot get a climate signal off it. That is interesting, because other people fervently believe they can. Have you responded to the CSIRO's criticisms that parts of the guide were misleading? That was an MDBA science question—there was an article written on it. Have you responded to some of those claims?

Dr MacLeod: We have continued to discuss all of those issues with the CSIRO through a range of technical meetings on each of those matters.

Senator JOYCE: Has the MDBA changed its analysis in response to the CSIRO's criticisms?

Dr MacLeod: In broad terms, in respect of their commentary on climate change, we have essentially taken on board those comments and have considered that.

Senator JOYCE: Did the concerns of the Wentworth Group of Concerned Scientists—that is what they call themselves—parallel with the CSIRO's concerns?

Dr MacLeod: Not to my knowledge.

Senator JOYCE: Has the MDBA run any scenarios with cuts of less than 2,000 giganlitres?

Dr MacLeod: Again, Senator, I do not have the details of exactly which ones we have run. I do not believe so.

CHAIR: Can you make this your last question? I have Senator Hanson-Young, then Senator Xenophon has a few questions and then we will come back to you.

Senator JOYCE: Do you then run these scenarios past the testing committees?

Dr MacLeod: No.

Senator JOYCE: Thank you.

Senator HANSON-YOUNG: You were talking just then about the scientific peer review. Did the Wentworth group of scientists directly ask for a specific independent scientific reference panel and for the authority to facilitate that?

Mr Freeman: Yes, they have.

Senator HANSON-YOUNG: What has been the response from the authority?

Mr Freeman: The authority has neither rejected nor confirmed that. At this stage, the authority is keen to get independent advice on the integration of its science, as I indicated before. All of the elements of the science have been peer-reviewed. Has that been put together in the most scientifically robust way is the question we are now asking. Depending on the response to that issue, the authority will then determine the next step as to whether it needs a further independent review or we are satisfied with the—

Senator HANSON-YOUNG: So you have not rejected the request, but you have not fulfilled it either?

Mr Freeman: That is correct.

Senator HANSON-YOUNG: How does the authority expect to meet the requirements of the Water Act to apply the best available science if there is not some type of overall review of the science that is being used? I understand your point about individual peer analysis, but this is an integrated system and the argument is that there needs to be a review of how all of this stuff fits together and the impact that will have. How would you apply the requirement of using the best available science if you do not have something as overarching as that?

Mr Freeman: The authority is keen to have that overarching review. That is actually the issue for the science forum. The science forum, which the Wentworth group chose not to participate in—and that is their right—has essentially come back with questions. We need to better explain our overarching methodology and framework. They have confirmed that the individual scientific elements appear to be the best available, but they would like a further explanation as to how this overarching framework all fits together. We are dealing with something that is actually quite complex. Dr MacLeod was responding to Senator Joyce's questions—there could be an inference there that we just pick scenarios. We do not do that. We pick environmental objectives, we look at the water regimes that support those environmental objectives and that then goes through a model, which then generates a number. The number is an outcome; the number is not an input. So these so-called scenarios are actually about determining what the numbers might be at a catchment or basin scale. The integration of that on a basin wide basis is the issue that the science forum has come back to

us on and said, 'We do not fully comprehend your framework here and therefore we cannot comment on whether this all fits together in the most scientifically robust way. Can you please do more work on the explanation of this scientific framework.'

Senator HANSON-YOUNG: And the authority is prepared to do that?

Mr Freeman: We have been very actively pursuing that over the two weeks since the forum.

Senator BIRMINGHAM: And the science forum will meet again?

Mr Freeman: That is to be determined. I think that would be a logical outcome, but that is still to be determined.

Senator HANSON-YOUNG: At the recent forum, were scientists advised that the authority would be proposing a 2,800 gigalitre volume of return to the environment?

Mr Freeman: Again, I refer that question to Dr MacLeod, who was actually there. I noticed in some of the press releases that it was attributed to me—that I mentioned 2,800. I can reassure the committee that I never raised any number, let alone 2,800.

Senator HANSON-YOUNG: Did anybody from the authority?

Mr Freeman: I will refer that to Dr MacLeod, but certainly I did not raise the number, nor did anyone when I was present. But that was only for a short part of the actual forum.

Dr MacLeod: In response to the question, during the period of the forum we were exposing all of the different lines of evidence that are available to the authority, which presents a very wide variety of different outcomes in terms of numbers. During the course of that day, we did explore ranges of numbers which did include 2,800. There was the end of system flow analysis, which was presented in the guide, which has numbers in the region between 3,000 and 4,000. There is other work that has been presented, such as the work on the outcomes of the Living Murray, which gives different sets of numbers again. So, during the course of the day, we were presenting all of these different lines of evidence such that the science forum was better placed to understand how all of that had been brought together by the authority.

Senator HANSON-YOUNG: So you are suggesting that there was no proposal that a figure of 2,800 would be sufficient to deliver the outcomes as required under the act?

Dr MacLeod: All of the proposals that we were exploring, as Mr Freeman has indicated, are all premised on identifying a series of environmental objectives and targets at a series of locations that meet the objects of the act. There is very wide variety of parameters that you can deal with in the basin to achieve those outcomes. Volume is not the sole issue at the heart of this. For example, the way in which you might run the rules that operate in terms of running the river itself are equally important in your ability to achieve outcomes. For example, the reregulation of environmental flows and the particular operating rules about individual pieces of infrastructure all have a role to play. At the other end of the spectrum there are the elements that are within the proposed basin plan, such as the proposals for a new environmental watering plan and water trading rules, also have a significant impact on your ability to meet various types of environmental outcomes. So we were presenting all of those elements during the course of the day.

Senator HANSON-YOUNG: I accept that, but that there are very specific outcomes required under the act. I would imagine that you would only be talking about an environmental return that would be sufficient for fulfilling those requirements under the act, otherwise what was the point of raising that type of figure?

Dr MacLeod: The requirements under the act, as it is specified, are to provide an environmentally sustainable level of take that does not compromise key environmental assets, key consistent functions, productive base and key environmental outcomes. In respect of that, there is a significant opportunity to explore what that actually means. It is not a definitive, singular answer. There are many different perspectives on what constitutes protection or restoration of an individual asset.

Senator HANSON-YOUNG: Do you have any evidence that the 2,800 figure would fulfil the requirements under the Water Act?

Dr MacLeod: All of the options and all of the discussions that we took the science forum, we believe, will provide for the provisions of the act.

Senator HANSON-YOUNG: What has been the change in the methodology used to justify that amount in comparison to what was illustrated in the draft guide, which clearly was much higher?

Mr Freeman: The difference is that I guess the authority is saying that the most robust answer would be a bottom-up build—what are the water requirements for 2,442 identified key environmental assets and the four functions that we have identified that we believe are critical for healthy, functioning river systems. That would be the most robust modelling exercise. Our estimate is that that would take probably in excess of five years. It is work that needs to be undertaken, but it is not going to be done in time for the basin plan. The basis of the guide was end of system flows. It is the least reliable of the three methodologies. I will talk about the second one. As Dr MacLeod has indicated, it does not differentiate in the hydrology of the river. Essentially, it says that all parts of the profile, whether it is a wet part or dry part, are equally important and it just tries to mimic nature as much as possible. That was the basis of the guide. I think it is fair to say that, to the extent that there has been more precise asset modelling, end of system flows modelling, which is that methodology, tends to overstate environmental water requirements because it is actively trying to reinstate all parts of the profile. Miss Swirepik can talk about that in more detail as an ecological scientist. The third methodology, which is the science we are now running—we have had more time to do this; we have had the additional six months—is doing the detailed profiles for those 106 indicator sites. That is 88 function sites and 18 asset sites where we have actually fed in the detailed profiles for those and that is the science that is now starting to come out of the modelling. We believe you should not reject any of those. The end of system flows methodologies was the best available methodology. It is the basis of the Living Murray and the basis of everything that has preceded this. We are now in a place to actually put something better on the table. However, having said that, the authority is keen to reinforce that these are both valid lines of evidence and need to be both taken into account in making a judgment as to what the volume should be. So we have additional science now emerging.

Senator HANSON-YOUNG: What can you specify in terms of the modelled ecological impacts of a 2,800 gigalitre figure on the Lower Lakes and Coorong?

Mr Freeman: I have not participated in any of the modelling. I can comment about the 3,000 modelling, but Dr McLeod knows more about the 2,800.

Dr MacLeod: In general terms, the way in which a scenario of 2,800 would apply would probably not have major differences in the Lower Lakes from a 3,000 scenario. In general terms, the 3,000 scenario would be providing positive flows to the ocean somewhere in the region of 90 per cent of years. It would generally look after the Lower Lakes in terms of the objectives that were being sought to be specified. Those objectives have been discussed at length with South Australia to try to ensure that they adequately reflect what has been the desired outcomes of the Lower Lakes. So, generally speaking, it would not have a significant difference at the Lower Lakes—it would be different outcomes at other parts of the basin but not necessarily at the Lower Lakes.

Senator HANSON-YOUNG: So you have considered this figure enough to be able to have done that modelling?

Dr MacLeod: We have considered many numbers and that just happens to be one of them. We have been looking at updating the modelling to support any outcomes that will come from them.

Senator HANSON-YOUNG: I still struggle to hear confidence from you that that figure of 2,800 will fulfil the requirements under the current act to uphold all of the things that we need to do, to ensure there is environmental sustainability, to ensure that we protect those Ramsar listed areas. They are the specifics within the Water Act. I am hearing a lot about different models and different scenarios, but I am not hearing much assurance that you think that that figure will fulfil the requirements under the act.

Dr MacLeod: From a technical perspective certainly it is my view that it would.

Senator XENOPHON: In terms of determining the SDL, to what extent do you consider early adopters in parts of catchment areas? I think, Mr Freeman, you are familiar with my concerns and my constituents in South Australia, particularly the irrigators of the Riverland, many of whom invested their own money to develop greater efficiencies. I think the department secretary is well aware of those concerns. To what extent will determining the SDLs take into account that a particular area took earlier measures to adopt water efficiency measures in the context of the \$5.8 billion fund that has been set aside for water efficiency measures which many in the Riverland simply cannot access because they have already achieved those water efficiency measures previously. How does that work in the context of your determinations?

Mr Freeman: I cannot answer your question definitively because there are no final decisions on SDLs.

Senator XENOPHON: But even the process and the consideration given would be useful.

Mr Freeman: The authority has heard the point that you have made loud and clear. It has received it from feedback in many meetings. It has also received it in written submissions as part of that 3,000 that the guide generated. The authority has revisited the methodology. As you know, in the guide the authority had distributed whatever the number was—and there was no definitive position in the guide—to catchments. However, the guide also outlined that there was a part of that water that needs to be attributed to a catchment to make it healthy, and there is a part of that water that was being recovered from that particular catchment which

was really not for the health of that catchment; it was for basin-wide health. There are clearly options to be less specific in identifying where the basin-wide health component needs to come from, as the act provides for SDLs to be expressed not only as a volume but potentially as a formula. So there is no final decision here but the authority has heard the point that has been made loud and clear that some communities have more opportunity to generate savings through efficiency or engineering works and measures. The authority does have some ability to move the downstream component around to where those opportunities actually arise rather than attributing them to specific catchments.

Senator XENOPHON: Does that mean that as part of this process there will be benchmarking—something that is reasonably objective that will look at those areas that were early adopters compared to those areas that are adopting water efficiency measures now with the assistance of this \$5.8 billion fund where they basically get taxpayer funds for free, in a sense—they get to keep half of the savings but then half goes back into the river system. How would it work, not necessarily in the Riverland but in any parts of the basin where there have been those who have undertaken those water efficiency measures—either lining channels or, in South Australia's case, having closed pipes, pressure systems, all those things that reduce water evaporation and increase efficiency?

Mr Freeman: The basin plan needs to provide for individual reductions in individual catchments to make those catchments healthy. And there is a volume of water that just needs to be found in various connected systems. There is a volume of water that needs to be found in the Darling and a volume of water that needs to be found in the Murray connected system—the Murrumbidgee et cetera. What I am saying here is that there is the option to be less specific about the basin-wide component so that—and this suggestion was made in the Renmark town hall—

Senator XENOPHON: Renmark Hotel.

Mr Freeman: Renmark Hotel—and the subsequent meeting at the Greek club actually.

Senator XENOPHON: You should have gone to the first place.

Mr Freeman: The suggestion was made that rather than attribute that efficiency component to an individual catchment it could be attributed to the basin-wide recovery, because some communities have more ability to recover water than others purely because of geography, prior effort or whatever. Should, therefore, the savings that come from this latest effort be attributed to a specific catchment or should that be for whole-of-basin health? That is the issue that the authority has considered and is deliberating on.

Senator XENOPHON: Sure. I appreciate your answer; it is quite useful to try to understand the thinking of the authority in relation to this. But in order to do that effectively would you need to set specific benchmarks to say that this area has saved this amount of water in previous years before the \$5.8 billion fund being set up—do you take into account those equity issues in addition to achieving the objectives of returning the river to health.

Mr Freeman: I do not believe that the authority needs to go to that level of detail. Water that needs to be recovered for an internal catchment's health clearly needs to be found in that catchment; we cannot generate it somewhere else. What I am saying is that water that needs to be found for basin-wide—

Senator XENOPHON: Sorry, going back to that last answer—there is a bit of flexibility there though, isn't there? If one area has unambiguously been an early adopter of water efficiency measures and if the SDL is going to be cut from existing levels by 20 or 30 per cent and there is not much more to squeeze out of that particular area because they do not have that capacity for additional efficiency measures, wouldn't you take that into account compared to an area upstream where there is more scope for water efficiency measures, where they still have the open channels, for instance, and the overhead sprinklers?

Mr Freeman: What I am saying is that if it is about system-wide health then it really does not need to be attributed to a specific location. If it is about individual catchment—if there is a stretch of the river that is unhealthy because there is too much water being extracted in that stretch of the river, then clearly the reduction would have to occur in that stretch of the river; we do not have the ability to move that around.

Senator XENOPHON: I understand that.

Mr Freeman: What the authority is saying is that it probably does not need to be as definitive as it was in the guide, where it actually redistributed the basin-wide component across the various catchments. There is the option here to be less specific about that.

Senator XENOPHON: But taking into account issues of early adoption.

Mr Freeman: It could take many factors such as early adoption into account. But it does not need to then work out what the answer is, because it is left as a basin-wide component.

Senator XENOPHON: But if you are looking at cuts to a particular catchment area that would then become relevant, wouldn't it, in terms of—

Mr Freeman: No; what I am saying is that there is the option within a catchment simply to have the only specified reduction for that catchment as being the internal health component, with the other component being expressed more broadly.

Senator XENOPHON: So if for one particular area the guide—and again I emphasise that it was a guide to the plan—suggested, say, a 30 per cent cut, you are saying that that may be adjusted taking into account these factors.

Mr Freeman: For a particular scenario—the 3,000 scenario, for example, the guide identified that—

Senator XENOPHON: Which page are you referring to?

Mr Freeman: I am looking at page 214 of the guide, just to use an example. The guide actually specified that about 500 gegalitres of that could be sourced anywhere in the basin.

Senator XENOPHON: So that is where the flexibility could be?

Mr Freeman: Correct.

Senator XENOPHON: Okay. Will it be for the authority to determine where that would come from, or would you just leave it up? From an equity point of view, how do you determine that 500 gegalitre component?

Mr Freeman: As you have indicated, it should come from the areas that can achieve that through these options that are out there such as water efficiency and environmental works and measures. So it should come from the areas that can most easily achieve it.

Senator XENOPHON: Mr Chris Byrne, who is the executive director of the Riverland Wine and Grape Growers, speaks for many others in the Riverland and is highly regarded in South Australia on these issues—and the parliamentary secretary, Senator Farrell, is also familiar with Mr Byrne—has argued that in the majority of cases these savings with on-farm irrigation infrastructure as well as delivery systems such as the Central Irrigation Trust and Renmark Irrigation Trust have been providing benefit to the environment at no cost to the Commonwealth for a decade or more. On the infrastructure fund—and I am not sure whether we need to hear from the department in relation to this; I would like to get an answer on this—I think there was \$110 million set aside for an infrastructure fund for water in the Riverland but as of, I think, a year or two ago a very small proportion of that was available to be allocated because they did not meet the criteria for getting funding by virtue of their pre-existing water efficiencies. I might ask my colleague Senator Farrell whether it is possible to get some answers in relation to that at this stage. But how do you deal with those policy arguments in the context of the plan? Are you saying it comes from the 500 ggalitres?

Mr Freeman: As I have indicated, the authority has not landed on a definitive position. It certainly heard from the submissions that the ability to recover water is unevenly spread across the basin, as I have said. Sometimes it is not so much about prior effort; it can be simply about geography. So the authority is asking how it can be less specific about where water is recovered from and allow that to be achieved through the Commonwealth's program which recovers water from those areas where it is most easily recovered.

Senator XENOPHON: Are you taking about water buy-backs now?

Mr Freeman: No.

Senator XENOPHON: Just from efficiency.

Mr Freeman: That is correct. But I cannot answer about the program. That is an issue for the department.

Senator XENOPHON: You may have dealt with this—I have been in and out of various estimates committees—but are we still on track in terms of the timetable that was set by the authority? Are we roughly on track in delivering the outcomes and the plan being—

Mr Freeman: The authority is still on track, although it does not know what the outcome of the Windsor inquiry will be, and we need to deliberate on whatever outcomes there are and, to the extent we can, incorporate those into the proposed Basin Plan. The authority has made proposed policy decisions which it needs to then confirm in the context of the Windsor inquiry.

Senator XENOPHON: How does Mr Windsor's inquiry—the member for New England's inquiry—feed into what the authority is doing compared to, for instance, the inquiry of this committee, initiated by Senator Joyce, on the Water Act? What weight does each committee have in the context of your deliberations.

Mr Freeman: The authority operates within the Water Act and has not ventured as to what the Water Act could possibly be; we operate within the current framework. The Windsor inquiry, though, is working in the economic and social space, and clearly that is one of the three dimensions that the authority looks at in coming to a decision on an SDL or an environmentally sustainable level of take. It looks at the environmental science, the economic and social impacts, and the physical and natural constraints.

Senator XENOPHON: Putting my old lawyer's hat on, in terms of evidence and the weight you give to that evidence—I know you are not bound—

CHAIR: You were doing okay, Senator. You do not need your lawyer's hat.

Senator XENOPHON: Senator Cameron, I have always thought you deserve an honorary law degree after some of your cross-examinations in the economics committee. I know Shakespeare said to shoot all the lawyers. But, whatever findings Mr Windsor's inquiry may make, how do you test them? Do you take them at face value? Do you consider the evidence and the paperwork? Do you make further inquiries to independently verify the line of evidence Mr Windsor's inquiry comes up? I am not being critical of Mr Windsor's inquiry in any way; I am just asking how you determine the weight of one parliamentary inquiry compared to the inquiry initiated by Senator Joyce, for instance.

Mr Freeman: I do not think the authority can answer that in a hypothetical sense. I guess the facts are the facts. If Mr Windsor's inquiry is working from the same factual base and comes to a position, clearly the authority would have one response. If it is more town hall feedback, whilst I respect the people who have given that feedback, it might need to be confirmed and that would be a separate issue. But it is hypothetical and it would be very difficult to respond.

Senator XENOPHON: Thank you, Mr Freeman. Chair, Ms Harwood has joined us, presumably in relation to the question I asked about that \$100 million fund.

Ms Harwood: To answer your question about the Private Irrigation Infrastructure Program for South Australia, yes, there has been relatively low demand for that program. The major reason—

Senator XENOPHON: The low demand is a direct function of the criteria for that program, isn't it?

Ms Harwood: In South Australia the major refit of the systems in terms of moving from channel to pipe systems predates Water for the Future. That was done through a joint government-industry investment at that time. There was Commonwealth, state and industry money used prior to Water for the Future to refit the delivery system.

Senator XENOPHON: And by industry money you mean individual farmers putting up their own money.

Ms Harwood: A contribution from the industry—I think it was 40-40-20: 40 per cent Commonwealth, 40 per cent South Australia and 20 per cent industry—to take the systems in South Australia from channels to pipe. That major investment in the changeover to a more efficient delivery system pre-dates Water for the Future.

Senator JOYCE: In the Sustainable Rural Water Use and Infrastructure program to 28 February 2011 there was \$200,000 spent for the South Australian private irrigation infrastructure program.

Senator XENOPHON: Senator Joyce is speaking words of truth, I take it?

Ms Harwood: Sorry?

Senator JOYCE: Since 28 February 2011 there has been \$200,000 spent on South Australian private irrigation infrastructure programs. That was in Sustainable Rural Water Use and Infrastructure program attachment A.

Ms Harwood: Yes. Some more projects have come under contract since then and are under way. We were just at the start of getting all the contracts for that first round of PIIPSA under way as at 28 February.

Senator XENOPHON: Further to Senator Joyce's very helpful—

Senator JOYCE: And I will do it for less than a per diem of \$2,000 a day, mind you.

Senator XENOPHON: Perhaps that is not relevant to this line of questioning. How much has been allocated so far out of the \$110 million fund.

Ms Harwood: There was \$3.4 million, from memory, for grants in the first round of PIIPSA. The second round of PIIPSA is underway and that is under assessment at the moment. We are near the end of assessment in the second round.

Senator XENOPHON: Can you indicate what the applications have been?

Ms Harwood: From memory, it was around \$12 million to \$13 million worth of applications in total.

Senator XENOPHON: How does this compare to other funds in the Water for the Future plan in terms of the take-up rate? The first round was about three per cent and, even if all the applications for the second round were accepted, that would only bring you to about 10, 11 or 12 per cent overall. How does that compare to other funds?

Ms Harwood: There is definitely a lower demand for that program than for some of the other programs such as the Private Irrigation Infrastructure Operators Program in New South Wales. But the programs are different in construct.

Senator XENOPHON: But there is an overarching principle that is about water efficiency.

Ms Harwood: That is right.

Senator XENOPHON: And in order to get funding for this you need to show that certain improvements can be made with respect to water efficiency.

Ms Harwood: That is right. There are also irrigators who are receiving funding through the On-Farm Irrigation Efficiency Program. South Australian irrigators have two choices: they can go through the PIIPSA program or they can apply through a delivery partner to receive funding for on-farm improvements through the On-Farm Irrigation Efficiency Program. There have also been grants to South Australian industry through that.

Senator XENOPHON: Does the department concede that the much slower take-up rate in South Australia is as a direct consequence of there being greater levels of water efficiency and therefore not being able to apply for funding by virtue of the fact that they are already there, by and large.

Ms Harwood: I think it is in part a reflection of the fact that the major system refit happened a while ago and has already essentially had the investment from government and industry to make the transition from channel to pipe systems. Some of the investments that are occurring elsewhere in the basin are that investment taking place now rather than several years ago.

Senator XENOPHON: Can you tell us more about the on-farm irrigation infrastructure—that second avenue for getting funding. How much is set aside for that in the basin?

Ms Harwood: Across the southern connected system and the Lachlan there is \$300 million for that program. The first round allocation is \$100 million of funding and there was a grant for the South Australian NRM Board in that. I do not have the figures. I can go and grab them.

Senator XENOPHON: On notice is fine, if you could. Are we talking about individual irrigators being assisted with on-farm infrastructure?

Ms Harwood: Yes, through a delivery partner. A delivery partner brings a batch of projects together.

Senator XENOPHON: Such as the Central Irrigation Trust?

Ms Harwood: In South Australia our current delivery partner is the South Australian NRM Board. They put in for a batch of on-farm projects each involving individual farmers, as a parcel of works, and they received a grant as the successful delivery partner.

Senator XENOPHON: On notice, could I get a comparison about the take-up rate among South Australian irrigators of Water for the Future, the water efficiency fund and the on-farm fund compared to the take-up for other parts of the basin?

Ms Harwood: In terms of a proportion of the entitlement base?

Senator XENOPHON: Yes.

Ms Harwood: Yes, we can do that on notice.

Senator XENOPHON: Is there a concern that we may not be able to spend that \$110 million by virtue of the fact that because efficiency levels have already been reached, it will be difficult for that—it is almost as though it is a carrot that is dangling a bit too high because they cannot actually access it by virtue of pre-existing efficiencies.

Ms Harwood: If there is not sufficient demand then the Commonwealth and the South Australian government can talk through what happens with that program.

Senator XENOPHON: So is there an acknowledgement that we are not going to be able to spend that money given the criteria to date. It does not look as though we are going to get anywhere near spending that funding that has been set aside, by virtue of the pre-existing efficiencies in that area.

Ms Harwood: Certainly there is low demand. I would leave it at that. We are in the middle of assessing the second round for that.

Senator XENOPHON: Even if it all of it were accepted, the second round would only take you to about 10 per cent.

Ms Harwood: That is true.

Senator XENOPHON: And we are a couple of years into it? Is this the third financial year or the second?

Ms Harwood: For the actual program up and running I think it is about 18 months, but I would take that on notice, from when the first call for applications was made for round 1, so the start of the program in terms of when people could apply.

Senator XENOPHON: So when did it start—2009-10? Was that the first year?

Ms Harwood: Probably, yes.

Senator XENOPHON: So we are into a third financial year and it is unlikely that we will go anywhere with that.

Ms Harwood: Yes.

Senator XENOPHON: I will ask this question of the Parliamentary Secretary, in relation to Ms Harwood's helpful answers. Given the very low take-up for the South Australian component of the fund, for on-farm efficiency measures and also for water efficiency measures broadly, is that something that the government is monitoring in the context of whether we will actually get to spend that money given pre-existing levels of efficiency?

Senator Farrell: I am sure there is somebody in the government who is actively considering whether that money will be spent. But, as you are aware, there have been some meetings that involved you and some of the individuals you mentioned earlier. The minister is of course aware of the issues, and my office in more recent times has been in direct contact with a number of these people. Ultimately it is a—

Senator XENOPHON: It does not look as though we are going to spend the money though, does it, going on existing trends?

Senator Farrell: That may be the case. All I can say is that the minister is aware of the issues. You have very eloquently brought them to his attention, and we are following it through. I guess time will tell whether the money will be spent.

Senator XENOPHON: I will leave it there. Thank you, Ms Harwood.

Senator JOYCE: I want to quote something from the guide to the Basin Plan. It says on page xxv:

While there is uncertainty associated with different predictions of the magnitude of climate change effects by 2030, there is general agreement that surface-water availability across the entire Basin is more likely to decline, with Basin-wide change of 10% less water predicted.

However, you said before—and I asked you a number of times—that there is no climate signal in the historical record of basin inflows. So have you changed your forecasts for the effect of climate change?

Mr Freeman: The CSIRO is saying that there will be an 11 per cent reduction, they believe, in available surface water resources between 1990 and 2030. The CSIRO has said that they do not believe that you can discern climate variability from climate change in that part of that has currently occurred. So 1990 to 2010 is now part of the historical record and, as Dr MacLeod indicated, we have got a very strong dataset—over 114 years of weather and climate and inflows in the Murray-Darling Basin. What the CSIRO have said to us as a response to the guide is that it is inappropriate to identify how much of that 11 or 10 per cent reduction has actually occurred and how much will occur in the next 20 years. There point is that in the guide we proposed that over a 10-year period the reduction would be three per cent. CSIRO is saying that that is a value judgment by the authority and we should not attribute that to the science; that is the point they were making in their feedback. So they still believe there is an 11 or 10 per cent reduction over a 40-year period, but how much of that has already occurred and how much will occur in the future they do not believe science can tell you.

Senator JOYCE: So they are saying that in the models going forward they see that, but in the information you have got over the last 140 years there is no climate signal?

Mr Freeman: No; what they are saying is that they cannot discern how much of this is climate versus climate variability. They are not saying there is no climate signal; what they are saying is that you cannot unscramble climate signal from climate variability.

Senator JOYCE: You said there was no climate signal in the last 140 years of the data you have got.

Mr Freeman: No.

Senator JOYCE: Yes, you did. It is on *Hansard*.

Mr Freeman: I do not believe so. If I have then that is incorrect. The issue here is that—

Senator JOYCE: Dr Fraser MacLeod said it.

Mr Freeman: Okay. The issue here is that CSIRO is saying you cannot unscramble climate variability from overall climate change, and how much of that 11 per cent has occurred in the 20-year record. We are concerned here about a double count. If climate change is going to lead to 10 or 11 per cent less water over a 40-year period, 20 years of that 40-year period have already occurred, and we put those into our models. So we are trying to discern how much of that is still left to go. CSIRO do not believe that that can be unscrambled, and climate variability and climate change are integrated.

Senator JOYCE: Who do you talk to in the CSIRO?

Mr Freeman: At my level I talk to Dr Bill Young, Dr MacLeod?

Dr MacLeod: In terms of climate change we have been working closely with Dr Francis Chiew, who heads up the climate change area in the CSIRO.

Senator JOYCE: And what is Dr Chiew?

Dr MacLeod: I am afraid I could not tell you exactly what his formal qualifications are. He is the individual within CSIRO who heads up the climate change area.

Senator JOYCE: You have done scenarios between 2,000 and 3,000 ggalitres, and you said you have done scenarios below 2,000 ggalitres—

Dr MacLeod: Not that low.

Senator JOYCE: But you have definitely done them between 2,000 and 3,000 ggalitres?

Dr MacLeod: We have explored a range of possible options between broadly 2,000, 3,000 and 4,000 ggalitres.

Senator JOYCE: Before there was an emphaticism about 'can't go below 3,000', and now we are exploring scenarios below 3,000. That is good; I am not complaining about it. What were the fundamental aspects in the science that you have discovered that allowed you to make that decision?

Dr MacLeod: As we have indicated previously, we have actually been looking at a different method of assessing the scale of change required in the basin. We believe it to be a more robust method, more representative of the actual elements of the flow regime we need to restore. The work that was underpinning the guide was very firmly an end of system flow analysis. We got a lot of feedback on this matter and the comment was being made that there was a very high level of uncertainty in that approach. In the feedback we received, some of the commentary was that they considered an end of system flow analysis to be rather crude and simplistic. As Mr Freeman indicated earlier, we believe that, if we had a significantly

longer period of time, a bottom-up build and doing primary data capture on the ground would be the most representative method we could adopt. But we have adopted a method which is between those two extremes and, we believe, actually represents the best possible methods that we can bring to bear on this matter at the moment.

Senator JOYCE: Mr Freeman, did you and Mr MacLeod tell a roundtable of scientists that the authority is drafting a plan that recommends returning 2,800 gigalitres of water to the environment?

Mr Freeman: No, I did not.

Senator JOYCE: Did you, Mr MacLeod?

Dr MacLeod: During the course of the science forum, as I have indicated previously, we did provide all of the evidence of all of the various options that we had been exploring. But at no point did we indicate that any of these were recommendations to the authority.

Senator JOYCE: A report in the *Australian* on 20 May stated that 800 gigalitres of that 2,000 gigalitre figure could be 'offset by water already acquired, or water that could be saved through improved efficiency measures'. Is the MDBA considering offsetting any cuts with water already acquired? If so, exactly what water does this include?

Mr Freeman: The MDBA has always considered the issue of offset. Even in the guide we were saying there were some 600 gigalitres that had already been acquired through buyback and infrastructure projects that could be attributed to any reduction. So that has always been on the table. The Commonwealth has continued to purchase water and I believe the 800 figure would be fairly accurate. There probably is 800 gigalitres that could be used to offset any reduction that needs to occur.

Senator JOYCE: So if, for instance, you pick the figure 3,000, you would then say, 'We have already got 800 so we only need 2,200 extra'?

Mr Freeman: That is correct.

Senator JOYCE: And that takes into account that the reliability of that water is noted as what—high reliability, low reliability?

Mr Freeman: That is correct. It has been brought to a common currency of long-term cap equivalent. So actual volumes on licences would be greater than that.

Senator JOYCE: I imagine they would be. How much of it came from the Twynam purchase—does anyone know that?

Mr Freeman: I would have to refer that to the agency.

Senator BIRMINGHAM: While Ms Harwood is looking that figure up, Mr Freeman, just so that I am clear: the 800 figure you are talking about are the entitlements currently held by the Commonwealth Environmental Water Holder, or do they also include Living Murray entitlements and the like?

Mr Freeman: They do not include the Living Murray; the Living Murray was part of the baseline, so we had already taken that into account. The number Dr MacLeod has just shown me is that there is currently 891 gigalitres, we believe. It is not exclusively Commonwealth water purchases; there is other held environmental water that could be used to offset the numbers. Dr MacLeod can probably answer your question in detail.

Dr MacLeod: In broad terms, the significant proportion of the 891 is held environmental water currently held by the Commonwealth Environmental Water Holder. It also includes volumes of water from the New South Wales RiverBank program, the New South Wales Rivers Environmental Restoration Program and the New South Wales Wetland Recovery Program. It also includes a range of water savings that have been achieved through infrastructure investments over the period 2009 to 2011. Again, those relate to the programs that the department runs.

Senator BIRMINGHAM: And those infrastructure programs are entitlements you would expect to be transferred to the Commonwealth Environmental Water Holder?

Dr MacLeod: We have simply included those that have been completed or let out in contract stage.

Senator BIRMINGHAM: But they are entitlements you would expect to be transferred across?

Dr MacLeod: Yes.

Ms Harwood: Senator Joyce, your question was the volume of the entitlements purchased under the Twynam purchase?

Senator JOYCE: That is right. We have 800 gigalitres put aside and I want to know how much of the Twynam purchase is in that 800.

Ms Harwood: The entitlement value—I could get the precise figures on notice—is of the order of 240 gigalitres. But converted to long-term yield, which is what you need to acquit it against recovery targets, it is around 107 gigalitres.

Senator JOYCE: It is 107 gigalitres long-term yield—

Ms Harwood: Yes.

Senator JOYCE: or \$303 million. Is the MDBA considering offsetting any cuts with improved efficiency measures?

Dr MacLeod: We are only including at the moment any offsets that have actually been achieved. Any prospective offsets will be available in the future to offset any scale of reduction. At this point we are not aware of exactly what those will be and how they will be delivered. Those are really issues for the programs the department delivers.

Senator JOYCE: Will this offset include environmental works and measures?

Dr MacLeod: If environmental works and measures were available and were verified to have provided an offset they would be included, yes.

Senator JOYCE: Has the authority received the social and economic study it commissioned on 17 October 2010.

Mr Freeman: It is a substantial piece of work; it has many volumes. The authority has received drafts of most of those volumes except for the regional volumes, which were delayed because of the floods. As we receive those, we will then make them available for jurisdictions to comment on prior to releasing them.

Senator JOYCE: When do you think you will release it?

Mr Freeman: We are keen to get this out as quickly as possible. The authority has the draft reports with jurisdictions at the moment and we would hope to have those back within the next fortnight and then release it.

Senator JOYCE: So you are going to receive the report in the next fortnight?

Mr Freeman: We have the draft report now. We have just got it out to jurisdictions for any comment. Having received those comments we will be keen to release ASAP.

Senator JOYCE: How much did the social and economic study cost?

Mr Freeman: As I have indicated previously, the authority has actually spent most of its consulting money on social and economic consultancies because it is the poorest of the datasets. We anticipate that this study will cost \$2.15 million. Actual spend to date is \$1.387 million.

Senator JOYCE: And you have paid the consultant for that? Have you received an invoice for the final section of it?

Mr Freeman: I would have to refer that to Mr Nicholas, but I do not believe so; I believe we have paid all outstanding invoices in the \$1.387 million.

Senator JOYCE: How many consultants were there?

Mr Freeman: In this particular consultancy?

Senator JOYCE: Yes.

Mr Freeman: It is essentially a consortium. There is actually quite a large number of consultants.

Dr MacLeod: There are four or five different companies participating, either as companies or as individuals in the consortium, and they would obviously have brought to bear a significant number of individuals to deliver the project right across the whole basin in the time period available.

Senator JOYCE: Has the assessment of the local community impacts of proposals for the Murray-Darling Basin Plan report only considered the impacts of SDLs in the 3,000 to 4,000 gicalitre range, or has it considered reductions at other levels as well?

Dr MacLeod: The consultancy looked at some of the options in the 3,000 to 4,000 range. They explored those because that was the information that was in the public domain. It would have been difficult and perhaps confusing to go in and start discussing an alternative option. However, there has been significant feedback as part of that project with regard to those scenarios and the impacts they may have, and therefore indications and commentary about alternative ways in which one might approach the issue of SDLs.

Senator JOYCE: So that means in that assessment of the local community impacts from proposals of the Murray-Darling Basin Plan we have not considered impacts below 3,000 gicalitres.

Dr MacLeod: I am not aware that we have.

Senator JOYCE: Have we considered impacts above 4,000 gicalitres?

Dr MacLeod: No, we have not.

Senator JOYCE: So what we are saying is that if we come up with a decision below 3,000 then what we are relying on there is feedback that you have received—by how?

Dr MacLeod: The particular draft report that Mr Freeman mentioned represents, I believe, nine volumes of comprehensive information. It entailed face-to-face meetings with a significant number of people right across the basin through a series of structured interviews and a whole range of different social and economic analysis to try to bring the best available understanding of the likely impact to bear. It is all documented within the draft report that the authority is seeking to release as quickly as possible.

Senator JOYCE: How much has the authority spent on the basin plan to date?

Mr Freeman: This is both external consultancies and internal expenditure?

Senator JOYCE: The whole works and jerks.

Mr Freeman: I will just need to add up the historical figures. To give the senator a feel for it, in the 2010-11 year it is anticipated to spend \$38.114 million.

Senator JOYCE: That is not buying anything, is it—that is just running the department?

Mr Freeman: That is correct. It is running the agency for its basin plan functions, including any corporate overheads, together with any consultancies et cetera. The full budget for basin plan activities for the current year is \$38 million.

Senator JOYCE: It is costing about \$40 million a year to go through this process. It is costing about \$40 million a year just in administration charges, external consultants and keeping good people well employed.

Mr Freeman: I guess the answer is yes but it needs some qualification. The authority essentially has three functions, as you are well aware. River Murray operations, so running the river system—that budget would be significantly larger than \$38 million. It also has those joined-up programs the jurisdictions collectively contribute to, which is in excess of \$100 million. The corporate overheads are being spread across those various elements. I guess it is fair to say that if we discontinued basin planning those others would have to increase because some of those corporate functions are a fixed cost. But in broad terms you are right: it is roughly \$38 million including pro-rata costs for corporate overheads.

Senator JOYCE: Does the Murray-Darling Basin Authority have an interest in aquifers as well?

Mr Freeman: Yes, that is correct. The basin plan also applies to groundwater resources within the basin, with the exclusion of the Great Artesian Basin.

Senator JOYCE: So you would have been a bit startled by some of the comments that have come out lately about coal seam gas and possible use by them of up to 45,000 gegalitres?

Mr Freeman: Yes. The authority has been closely monitoring the issue of coal seam gas methane extraction. It certainly made comment on that in the guide and continues to explore what it needs to do in the basin plan context.

Senator JOYCE: It is kind of pointless, isn't it, going through all this, paying you \$40 million a year and spending literally billions of dollars trying to get water back into the system, yet at the same time in another part of the basin—for free—they are taking out possibly 45,000 gegalitres in gas extraction? It is all water. It all has to come from somewhere, predominantly from God.

Mr Freeman: Yes. A lot of the water is from the GAB or the system below the GAB—you are correct. That is out of the jurisdiction of the basin plan. However, all water, whether

it is for coal seam gas extraction or any other purpose, when it is brought to the surface needs to comply with the water quality and salinity components of the basin plan. So the authority does have reach into the water quality issues and it certainly has reach in the event that coal seam gas extraction is impacting the water resources over which the authority has jurisdiction.

Senator JOYCE: So you are confident? At this point in time we have just got the make-good clause. Are you confident that they are not interfering with the water of the basin in what is going on at the moment.

Mr Freeman: The authority continues to investigate the issue. The water resource does impact the basin because once it comes to the surface it becomes part of the water resources that the authority has jurisdiction over. So yes, it has an impact on the water resources of the basin. Sometimes that can be positive.

Senator JOYCE: So we are going to use that water to try to add to the basin?

Mr Freeman: There is the potential for that. However, I think it is fair to say that that water would have significant quality issues if it was to be injected into the basin—but that is an option.

Dr Grimes: Senator, if there was water being used out of coal seam gas it would have to be appropriately processed. But, as you are aware, under the conditioning for approvals for those coal seam gas proposals there were a number of quite strict conditions around water monitoring, modelling, planning and management. An expert committee has been established for the purpose of advising the government further on those matters into the future. One of the potential options is that coal seam gas providers will be required to reinject or depressurise aquifers if certain levels are exceeded. These are all matters that will be considered through the expert scientific panel which is being established.

Senator JOYCE: The level of interest in a family that is paid substantial amounts of money capping under the GABSI scheme was a bit annoying when we find other people—we spend hundreds of thousands of dollars capping our bores and another person just gets it and drops it out for free.

Dr Grimes: Indeed, we are very aware of the water issues. That is one of the reasons why there are those strict conditions applied around the coal seam gas proposals, particularly in relation to water management.

Senator JOYCE: It sort of makes the whole process a farce. I know that you wrote a brief to the minister earlier this year titled 'Approval for the Murray-Darling Basin Authority to incur revised operating deficits in 2010-11, 2011-12, 2012-3 and 2013-14'. Why did the MDBA incur revised operating deficits for these years, and what size were those deficits?

Mr Freeman: Frank Nicholas, Executive Director, Corporate Services, can answer the question. The deficits occur because on establishment of the authority there was a significant fund that it had. It was treated as revenue in that first year and now that money is spent in out years, so it appears as a deficit. In reality it is not a deficit; there was a significant injection of external funds in the first year. This was money that we carried forward from the previous commission.

Mr Nicholas: As Mr Freeman said, it was mainly a result of the transfer of funds from the former commission to the authority on the establishment of the authority. That created a significant surplus in that year and we have now applied to have the ability to spend that

money over the next three or four financial years, primarily related to the completion of a number of environmental works and measures programs.

Senator JOYCE: Can we just translate that? What exactly has happened? You have taken on more tasks and so received a capital injection?

Mr Nicholas: No; the commission had somewhere near \$450 million in its bank at the time it was abolished. Those funds were transferred over into the authority's special account and they remain there to complete the activities that were approved by the ministerial council. They related to the Living Murray water program and to the completion of a number of environmental works and measures across the basin. So we are spending that money to complete those.

Senator JOYCE: How has that created an operating deficit?

Mr Nicholas: In the first year it created a surplus—the year it was transferred in: \$450 million—and now it creates a deficit as we apply to spent it.

Senator JOYCE: Got it. You have had to get yourself an efficiency dividend like everybody else. No-one can go out well dressed without one. You got \$1.1 million did you?

Mr Nicholas: Yes.

Senator JOYCE: And you got that from changing supplying issues?

Mr Nicholas: We propose to find those savings through revised supplier arrangements, yes.

Senator JOYCE: Supply of what?

Mr Nicholas: Looking at arrangements to improve efficiencies around things like travel, IT systems, use of consultants and those sorts of things, so applying it to administrative costs rather than to any of the salary costs.

Senator JOYCE: For consultants—so, what, casting a wider net to see if you can get a cheaper consultant?

Mr Nicholas: Efficiencies in those measures, yes.

Senator JOYCE: How is it going? Are you getting your efficiency dividends.

Mr Nicholas: The efficiency dividend is applied from 2011-12, so the funds that are shown on page 182 of the PBS are a reduction to the authority's budget and we will apply the efficiencies to find those savings.

Senator JOYCE: When will the proposed basin plan be released? You might have already answered this.

Mr Freeman: I have answered it in general terms. The authority cannot give a specific date. As soon as the authority has access to the House of Reps inquiry, it will deliberate on those issues. It will consider whether it varies the proposed policy positions. And then it would release the proposed Basin Plan as soon as possible after that consideration.

Senator JOYCE: So you must have set—I imagine the way this works is you get the large section of this opus magnum done and leave sections where you believe that an insertion from that House of Reps inquiry will go. What are the parts you are going to leave open that you think the House of Reps inquiry will add to?

Mr Freeman: It is probably easier for us to comment on the areas that it will not vary. They would be mainly the factual elements of the basin plan. The authority already has drafts of things like—section 22 of the act requires us to include certain mandated items in the basin plan. Item 1 is the descriptive element. That inquiry will not change the descriptive element. That is being progressed. We currently have drafts of that. So we can step through those factual issues—the risks to the basin's water resource, for instance, which I think is about 22(8). Those elements we are progressing. Any of those elements that have an economic and social component are the ones that will await the report before we can confirm them.

Senator JOYCE: Will anything in the House of Reps report change the science?

Mr Freeman: I cannot comment. I do not know what is in the House of Reps report. I would be concerned if there was new science, other than economic and social, perhaps. As far as ecological science goes, no, I could not imagine that.

CHAIR: Are saying you would be concerned or you would be surprised? Science is science, isn't it?

Mr Freeman: Concerned—I guess concerned in that we have not done a comprehensive task. We believe that the ecological science we are accessing is the best available. There are some people with good economic information science, so there may be new information with regards to economic and social, but I really cannot speculate on what might be in that report.

CHAIR: Economics and science do not match very often, do they?

Senator JOYCE: It is a glorious science, economics. So nothing in the House of Reps inquiry you would presume would change the science, because the science is basically determined by scientists and from what we can see, no-one in that House of Reps inquiry is a scientist or has really been plumbing the depths of scientific thought, and we do not propose to see that in the report that they deliver to you. That would be a fair analogy, wouldn't it?

Senator Conroy: I think that you are putting words—do you have a question?

Senator JOYCE: Okay, I will not put words in your mouth. You put your own words in your own mouth and let us hear them, Minister.

Senator Conroy: I thought you were asking Mr Freeman.

CHAIR: What is the question?

Senator JOYCE: I was, actually.

Senator Conroy: Would you like to a question?

Senator JOYCE: You were talking, so I thought I would ask—you know what I am saying. Let us get away from the tete-a-tete, Minister.

Mr Freeman: In determining an SDL or the environmentally sustainable level of take, which is the SDL for the basin, the authority has to consider three elements. There is the environmental science, the ecological science. It must consider the economic and social impacts. The environmental science will be a range. It already is a range. It is saying that to have absolute certainty this would be the number; to have far less certainty this would be the number.

Senator JOYCE: Have you any knowledge that any of that environmental science is going to be in the House of Reps inquiry.

Mr Freeman: That is what I am saying. I used the word 'concerned'. I would be concerned if there was environmental science in there that the authority had not accessed. I would be surprised and I would be very concerned.

Senator JOYCE: You have made the statement a number of times that you are looking at the plan again because you have new science.

Mr Freeman: We have new modelling, that is correct.

Senator JOYCE: New science—new modelling. It is not that you have new social and economic input; you have new science, so we might have a new plan.

Senator Conroy: More information is I think what Mr Freeman said.

Senator JOYCE: No, he said science.

Mr Freeman: In determining an SDL the authority has to consider the three dimensions.

Senator JOYCE: I know that, but—

Mr Freeman: If there is new economic and social information that can vary the answer within the bounds of the ecological science.

Senator JOYCE: Within the bounds of the ecological science, but—

Mr Freeman: That is correct, and also within the physical constraints of the system. We are not developing a basin plan that will cause flooding and third-party impacts. That is a physical constraint. We have a river system that is modified. We have townships; we have dams. This is a basin plan for a modified river system, for a working river system. So the SDLs and the environmentally sustainable level of take must be determined with all of those things on the table. The House of Representatives inquiry clearly will make comment in the economic and social space, which is one of the three dimensions that we must consider in coming to a decision.

Senator JOYCE: But let us say that the science remains absolutely locked in—that science is settled; there is no argument to be entered into with the science. Would the social and economic analysis make any difference if the science was settled?

Senator Conroy: That sounded like a hypothetical question to me but perhaps you might want to express it—

Senator JOYCE: I understand how the science being settled is a hypothetical idea. I understand that totally.

Senator Conroy: Would you like to express the question a little differently?

Senator JOYCE: No.

Senator Conroy: Mr Freeman, it is a hypothetical. He is asking you to fix two points and move a third one around.

Mr Freeman: If the science is settled, the science will not have a single point. The science will give us a band. Where we land in that band is based on those other two dimensions. Economic and social and the other physical issues determine where you land in your fixed science band. So it does have an impact on the answer.

Senator JOYCE: How wide is the band that science causes—is it generally something like 3,000 to 4,000; can the band be wider; is the band narrow? How wide does science make the band.

Mr Freeman: The authority said in the guide that it believed that the band within which it could satisfy the requirements of the act was 3,000 to 4,000. As Dr McLeod has indicated, with the ability to do some additional modelling clearly that lower bound is now being explored, not to get a lower answer necessarily but to get an answer that has less economic and social impact whilst achieving the environmental outcomes so that it is complying within the act. I think we heard loud and clear from communities that they believed that the 4,000 upper bound, which was purely based not on environmental constraints but on economic and social constraints—that is why the 4,000 was put in the guide. We are hearing from communities that that is unacceptable. So the band is of the order of that range. At that stage we believed there was about a 1,000 gegalitre range within the authority could make a judgment. That has moved. But the band of science that satisfied that requirements of the Water Act will be similar.

Senator JOYCE: Similar.

Mr Freeman: Similar.

Senator JOYCE: A thousand in variation between something—okay. Obviously the science is still the empirical issue, and consideration of economic and social circumstances after that.

Mr Freeman: Yes.

Senator JOYCE: How much time does the authority expect to need between the release of the draft basin plan and the finalisation of the basin plan.

Senator Conroy: I think we had that conversation with Senator Birmingham earlier.

Mr Freeman: We have answered that question in part. The 16 weeks is fixed. The authority cannot have a public disclosure period shorter than 16 weeks. To the best of my knowledge we have not received any submissions—in fact we asked for comment on this in responding to the guide and do not believe there are submissions that have said we need a longer exposure period. So there is a four-month set period. As Dr Grimes indicated previously, there is a lot of work occurring between the Commonwealth and the states to ensure that those other timeframes do not end up being an end-on-end process—that they can occur as quickly and as expeditiously as possible. The only fixed components are periods specified in the act. For instance I think the ministerial council might have up to eight weeks to respond. That does not mean the full eight weeks will necessarily be taken up. So I cannot answer any more than that there is four months that is definite and after that there are many steps that can be taken to condense those timeframes, but that will require jurisdictions and the Commonwealth to work together.

Senator JOYCE: Are you going to table how the consultation process will work in between those two events, and where the consultation will go—the consultation arrangements for the proposed plan? Where will the information sessions be held? Will you release that?

Mr Freeman: Yes, as soon as that is determined. The consultation processes are actually being worked up with jurisdictions, and it is fair to say that different states have different views on the most appropriate consultation for their jurisdictions. The authority is supportive of that. As soon as those are settled of course they will be released. Some jurisdictions would prefer to continue the regional visits type model. Others have a different approach with is more consistent with their water resource planning approach. The authority is open minded

and it is likely that we will see slightly different models for engagement and consultation in different states.

Senator JOYCE: Will New South Wales still implement the basin plan in 2014?

Senator Conroy: Is that in the hands of the New South Wales government?

Senator BIRMINGHAM: No, it is in the Water Act.

Mr Freeman: The schedule for the Water Act has the expiry date for their existing plans. The introduction of a compliant water resource plan after that date is in the hands of the jurisdiction. Schedule 4 is the date that the plan will cease to have effect for the purposes of the Water Act. However, the issue of the compliant water resource plan is one for the jurisdiction. It may be a subsequent date or it could be the same date.

Senator JOYCE: What work is KPMG doing now?

Dr MacLeod: KPMG have been assisting the authority particularly in the social and economic space. Over the past 18 months the authority has undertaken somewhere in the region of 16 individual social and economic studies. We have been looking to try to bring all of those together to better understand exactly what the impacts are. KPMG have been assisting us in doing that but at the same time also participating in the development working group in terms of bringing that information to the broader plan.

Senator JOYCE: They are sort of working in parallel with the House of Reps inquiry then.

Mr Freeman: Given the enormous volume of economic and social work we have undertaken, one component of which was that large consultancy we talked about, KPMG are working on the integration of that and then the integration of the collective economic and social information into that assessment of SDLs and environmentally sustainable level of take. That is through the working group. So I do not believe it is parallel. It is not a dissimilar question to the one about the science peer reviewed. We have got a lot of work here. All of those elements, we believe, are strong and healthy but whether we have put those together in the best integrated way is the question we are asking of KPMG in the economic and social space and of the scientists in the ecological science space.

Senator JOYCE: When is this work from KPMG due?

Dr MacLeod: It is ongoing. I do not have a specific date for when we are expecting to receive the synthesis.

Senator JOYCE: What is the value of the contract then?

Dr MacLeod: The value of the contract is \$272,000.

Senator JOYCE: And since it is ongoing, once we hit \$272,000 they will just ring you up and say that if you want any more work you had better send them a check.

Dr MacLeod: The contract actually specifies that it is to conclude before 30 June this year.

Senator JOYCE: So it does have a finalisation date. I imagine that after it concludes they will have to send you something. I wish I could send someone a bill for \$272,000 and not actually send them something for it.

Dr MacLeod: The contract has specified deliverables which include draft reports upon receipt. That is the value of the contract that has been established to cover the deliverables that we have required of them.

Senator JOYCE: What are the deliverables you require of them?

Dr MacLeod: The deliverables are a synthesis report and participation in the development working group.

Senator JOYCE: Who are the people working on this—are they accountants, or what?

Dr MacLeod: The individuals concerned include the director of government and advisory services at KPMG, chief economist and partner at KPMG, and director of climate change and sustainability services. So they are trying to bring all those bodies of skills that they have to bear on synthesising the vast array of social and economic evidence we have to make sure that it is integrated and presents the best body of evidence for the authority to consider their decisions.

Senator JOYCE: When they provide you with an invoice, do they provide you with billing hours and what they have actually done.

Dr MacLeod: I do not have that information to hand.

Senator JOYCE: How about, Mr Nicholas?

Mr Nicholas: Typically you would get an invoice with billing hours, yes. It would identify the number of hours that were undertaken by each of the parties to the contract.

Senator JOYCE: What are they billing out at?

Mr Nicholas: I do not have that information with me, I am sorry. They would have hourly rates based on their expertise.

Senator JOYCE: I bet they have hourly rates.

Mr Nicholas: Yes, they do. That is standard for consultancies.

Senator JOYCE: Can you give an example of what sort of hourly rate that would be?

Mr Nicholas: I do not have those details with me in relation to that contract, so I think it would not be appropriate to speculate about what they might be. We would need to look at the contract.

Senator JOYCE: Can you take that on notice?

Mr Nicholas: We can take that on notice, yes.

Senator JOYCE: I would be interested. In your view, can the authority include—this is from the Water Act—in the draft plan a long-term average sustainable diversion limit that would be significantly higher and not reflect an environmentally sustainable level of take, and do that based on social and economic or other considerations?

Mr Freeman: No, it could not.

Senator JOYCE: Can the authority deviate from the requirements of section 21(1), 21(2) and 21(3) when addressing the matters listed at 21(4), including the consumptive and other economic uses of basin water resources or the National Water Initiative?

Mr Freeman: Section 21(4) is subject to 21(1), (2) and (3)—

Senator JOYCE: I know; it definitely is.

Mr Freeman: so no, the authority could not do that.

Senator JOYCE: No, it could not. Thank you very much. Has the government advised the Murray-Darling Basin Authority not to release any of the legal advice it has received from the Australian Government Solicitor?

Mr Freeman: No it has not.

Senator JOYCE: Has a government department or agency—rather than the government—advised the Murray-Darling Basin Authority not to release any of the legal advice it has received from the Australian Government Solicitor?

Mr Freeman: The Attorney-General's Department has advised the authority that it would be inappropriate to release the advice without further consultation with that department.

Senator JOYCE: So could it be that the government advise the Attorney-General to advise you?

Senator Conroy: You would have to ask the Attorney-General.

Senator JOYCE: Has the authority done any work on the potential for environmental works and measures to provide water savings?

Mr Freeman: Yes, the authority has. That is the reason why Mr Sutherland has been engaged from GHD.

Senator JOYCE: How much are we paying him?

Mr Freeman: Dr McLeod can outline what he has actually done.

Senator JOYCE: How much are we paying Mr Sutherland?

Dr MacLeod: We have a contract with GHD to the sum of \$200,000.

Senator JOYCE: And how do they bill you? What outcome do they provide you, or is it just an hourly rate?

Dr MacLeod: They have been requested to provide a report in respect of the potential for environmental works and measures. We currently have a draft of that report which has been completed. The other element of the contract is for Mr Sutherland to participate in the development working group, which would be based on an hourly rate.

Senator JOYCE: What is the hourly rate that they are?

Dr MacLeod: Again, I do not have that information to hand.

Senator JOYCE: Did they provide you with any sort of quote for hourly rates, billable hours?

Dr MacLeod: Yes, they would have done that as part of establishing the contract.

Senator JOYCE: Maybe Mr Nicholas knows how much they charge hourly.

Mr Nicholas: I do not have that information. As Dr MacLeod said, we got a proposal and that outlined how they would undertake the work and the price for that work, but I do not have those contracts with me.

CHAIR: On this issue of contracts generally, what procedures and guidelines do you follow before you sign off on a contract?

Mr Nicholas: We follow the Commonwealth Procurement Guidelines in relation to tendering and procurement. We have, as all agencies do, our own internal procedures relating to approvals and processes for tenders and all procurements.

CHAIR: So your procurement process is guided and determined by general guidelines that apply across the Public Service?

Mr Nicholas: It is consistent with the Public Service, yes: the Commonwealth Procurement Guidelines.

CHAIR: Thanks.

Senator JOYCE: Can the MDBA provide the committee with a list of environmental works and measures projects that they are considering?

Mr Freeman: Yes, we can.

Senator JOYCE: Just take that on notice. How long do you reckon that would take to get us?

Senator Conroy: We will comply with the requirements of the Senate.

Senator JOYCE: That involves most of the questions—

Senator BIRMINGHAM: This department did not last time, not that it is the fault of the officers at the table, I hasten to add. The minister did not last time, I should say.

Senator JOYCE: We will have to put a question on notice that you answer a question on notice! This is just absurd.

Senator Conroy: I will take that on notice.

Senator JOYCE: I thought you might. Has the MDBA undertaken any estimates of how much water environmental works and measures can save? If so, how much can they save?

Dr MacLeod: We have undertaken some work in that regard, but in general terms there is very limited information in respect of individual projects to undertake such an assessment.

Senator JOYCE: What has been a turnover of staff in the past financial year in the MDBA?

Mr Freeman: I do not have figures for the last year. I only have with me the figures since the authority commenced, which is just under three years.

Senator JOYCE: How many since you commenced?

Mr Freeman: Since we commenced there have been 56 ongoing staff that have left and 79 non-ongoing—that is, those who have a term associated with their employment.

Senator JOYCE: Is that how many staff the MDBA has?

Mr Freeman: No, that is how many have left. Currently there are 309 full-time equivalent employees. There is always the challenge that there are more staff than that. That is brought to a full-time basis. However, some of those departing staff would have been part time.

Mr Nicholas: Those numbers are since the authority commenced operation, so we are talking about since September 2008.

Senator JOYCE: Have you done staff surveys?

Mr Nicholas: Yes, we have.

Senator JOYCE: What do they say? Are they all happy?

Mr Nicholas: There are various comments about how we are operating and issues that staff may see as points for improvement.

Senator JOYCE: Can you provide the committee with a copy of the surveys? Obviously we do not want to know about the names.

Mr Nicholas: I would have to take that on notice.

Senator JOYCE: Can you give a general update on the state of the river system and the amount of water in storages?

Mr Freeman: I will call David Dreverman, the Executive Director, River Murray. Generally, the basin storages are in very good health at the moment. The storages are currently at 83 per cent of capacity, compared to this time last year, when the figure was only 27 per cent. In the northern basin we have storages of 71 per cent of capacity, so there is a lot of water in the northern basin, as people would be aware. In the southern basin storages are at 86 per cent. Water years are like financial years. This is probably the most significant opening to a water year that we have had for a long time. Mr Dreverman can comment in further detail on the individual storages if you would like.

Senator JOYCE: No. I should let Senator Birmingham have a show.

Senator BIRMINGHAM: Seeing as Mr Dreverman has come to the table, I will not miss the opportunity. Water has been flowing out of the mouth unaided for how long now, Mr Dreverman?

Mr Dreverman: Water has been flowing out since about August last year, continuously. About 11,000 gicalitres has flowed to the sea in that time.

Senator BIRMINGHAM: Are there still releases through the barrages?

Mr Dreverman: Yes, there are still releases. Really we are seeing at the mouth now recessions from rain events that occurred in Queensland mainly back in December and January. The tail of it is now reaching the sea. There are still about 25,000 to 30,000 megalitres a day flowing out to sea.

Senator BIRMINGHAM: What is the current estimate of how long that will continue?

Mr Dreverman: It is likely to continue in some form right through winter. The Lower Lakes are being operated to try to mitigate salinity in Lake Albert. We will raise the level a couple of hundred millimetres in the next month or so and if there is still flow coming. Catchments across the basin are wet and storages, particularly in the south, are full. The Murrumbidgee storages, Burrinjuck and Blowering, are full. Hume is full. Dartmouth is a drought storage. It is at 63 per cent but it has recovered over 30 per cent in the year and it typically only goes up about 20 per cent in a year, so we have had a good year at Dartmouth. It is unlikely to spill this year. Eildon, on the Goulburn, is getting close to the point where they start to operate some prerelease or some early spill rules. If we get even average rainfall we are going to see a continuation of wet right through winter and spring.

Senator BIRMINGHAM: So it is not unrealistic at all, then, that right through to the end of the year, allowing for management decisions to sometimes close the barrages to raise the level of the lakes and then open them for longer periods to lower the level of the lakes, that we could have continued natural flows to sea for the remainder of this calendar year, were we to have an average season in the southern part of the basin?

Mr Dreverman: That would be our expectation—that it would continue to have a significant flow to the sea provided we get at least an average sort of year. The catchments are responding very quickly. We had rainfall last week and the catchments all responded with relatively small volumes of rain. We have seen increases in flow, whereas in the drought for five years ago we would see quite substantial rain and no response in the rivers.

Senator BIRMINGHAM: Thanks, Mr Dreverman. I may return to some operational issues later, depending on how we go for time. I want to go back to some of the basin planning issues in the time we have left. Dr MacLeod and Mr Freeman, in your responses to Senator Joyce I think your words were that the band will be similar, talking about the 3,000- to 4,000- gigalitre band, but somewhat lower based on a better understanding of time. Is that a correct interpretation of what you told Senator Joyce?

Mr Freeman: What I was saying was that I think the band of ecological science which we would indicate was about 1,000 gigalitres will have still that order of magnitude. So we will be talking about that. We already have that essentially. We have end of system flows. If you look at the end of system flows, which is a coarse methodology, the answer would be 3,800 gigalitres. Yet we are indicating that the assets and functions methodology is now yielding numbers below 3,000. So I think we are seeing here that the band within which the authority will have to make a judgment will be of the order of 1,000 gigalitres. That is correct.

Senator BIRMINGHAM: Whilst these things do get a bit technical, if you listened to that statement, especially if you were a scientist from the Wentworth Group, you might come up with a belief that 2,800 was looking like the lower end figure of a new band.

Mr Freeman: I think that is purely speculative at this stage. The judgment as to where you land in the band has those other elements that we have talked about. It does not mean that that is necessarily the position that the authority would adopt.

Senator BIRMINGHAM: But the band we are talking about is 3,800 less 1,000?

Mr Freeman: I am saying it is of that magnitude. So yes, I realise now with the maths that it gives you 2,800. I have never talked about a band of 1,000 gigalitres before today but it is of that magnitude. We have a 3,800 on the table, which is the poorer methodology. It is still a line of evidence though, and the authority needs to consider that. The assets and functions methodology is yielding a number now in the 2,000s. So all I was indicating is that that is the order of magnitude within which the authority would have to make a decision.

Senator BIRMINGHAM: So in fact that 2,800 to 3,800 band, if I can call it that, is based still on the end of system flow methodology, which you described as the least accurate of the methodologies.

Mr Freeman: No, the 3,800 number is end of system flows methodology.

Senator BIRMINGHAM: If I did not say that, that is what I meant to say.

Mr Freeman: The numbers below 3,000 are coming from the assets and functions modelling, which is the most precise methodology, we believe.

Senator BIRMINGHAM: The most precise methodology you have available to you short of attempting to model all two-and-a-half thousand sites.

Mr Freeman: That is correct. Short of a bottom-up build, which the authority is of the view needs to occur but that would take at least five years, we believe.

Senator BIRMINGHAM: Was it always the intention to ultimately use this type of modelling instead of the end-of-system-flow modelling?

Mr Freeman: Yes. The authority made that clear. In the time available to produce the guide it was not possible to do the assets and functions. However, we did disclose the assets and the environmental objectives for those assets, and then we used the coarser end of system flow methodology to determine the numbers.

Senator BIRMINGHAM: The guide was an optional publication. The authority did not have to produce a guide. Why in the end did you decide to produce a guide that was based on a methodology different from that which you were seeking to use to develop the basin plan?

Mr Freeman: The authority believed that, irrespective of methodology, it was important to expose the authority's best available science, the authority's thinking at that stage, so that rather than just continue with the other methodology we could flush out whether there was better information—and that has actually occurred. The authority was very keen to expose its thinking. The authority was also concerned about the orders of magnitude of change that was required here, and believed that that needed to be exposed rather than be a surprise when the proposed basin plan was produced.

Senator BIRMINGHAM: Do you view the whole guide experience to have been a positive one for the authority in net terms?

Mr Freeman: I think that is a very difficult question to answer. I think the authority could have done the engagement and consultation around the guide much better than it did. However, I think that there have been some positives out of the exposure of a guide, notwithstanding the enormous anxiety it has caused in the community. I would not make a judgment as to whether overall that was positive or negative. We have got new science that we would not have had, I believe, unless we had published something. But I think it would be unfair to put all that on a beam balance and say it was overall positive or negative.

Senator BIRMINGHAM: With the benefit of hindsight, was it wise to have produced a guide with such specific SDL proposals as part of it rather than perhaps finding a more open-ended means to expose the science?

Mr Freeman: I think that would have to be a call for the authority collective. I could only comment as one member of the authority and the chief executive. Yes, I think you are correct. The scale of change was important to expose. As I said in answering Senator Xenophon's question before, we did highly specify how that scale of change needed to be distributed, and that probably caused unreasonable anxiety and stress in the community. So with hindsight it may have better not to attribute that so specifically—but that is my personal comment.

Senator BIRMINGHAM: In the draft basin plan, will there be a comparable headline figure to the 3,000/3,500/4,000 figure that was released in the guide?

Mr Freeman: The proposed basin plan must be essentially a full legislative instrument. There will be three major documents here. There is the legislative instrument, essentially; a planning summary; and a companion document which will be more like the guide. One of the elements that we must specify is the environmental sustainable level of take. So we do need to have a target: what is the reduction required across the basin? So it will have a scale of change which is a number that needs to be reduced.

Senator BIRMINGHAM: So that will be made equally clear through those new documents as it was in the guide?

Mr Freeman: Yes, it will be here. I guess whether it is the headline will be up a lot of people to determine.

Senator BIRMINGHAM: I guess others will write the headlines. On the analysis of opportunities to provide more efficient delivery of environmental water to environmental sites, out of the consultancy you were referring to with Senator Joyce the authority expects to have a suite of projects that could be undertaken that would provide for better efficiencies in the delivery of the environmental water?

Dr MacLeod: The work that has been done is effectively to produce a list. However, we have actually identified within that list different categories of types of projects. Some of those relate to environmental works and measures that might target system constraints particularly, because they are particularly challenging in some parts of the basin. It will also identify projects that we believe do have potential to offset the scale of change through water savings. As I indicated in an earlier response, for many of the projects identified there is not as yet a very detailed assessment of each of them. That is something that clearly will be for governments to consider in the future.

Senator BIRMINGHAM: Will the authority be using the data from these offsets to reduce the impact of the SDLs or reduce the headline figure of reductions in allocations, or will it be presented simply as a means by which that may be reduced just like other government spending initiatives?

Dr MacLeod: To the extent that any of those projects have been completed to date, they will be identified as offsetting the scale of change. However, they will also be identified as future opportunities that may be available to communities to consider in respect of how to bridge the gap in their particular valley.

Senator BIRMINGHAM: Some of those projects are probably quite cheap or in fact come at virtually no cost, through the potential utilisation of existing channels or the like, I imagine, but others presumably are significant infrastructure works. Are those works considered to be compliant with and could they be funded out of the existing SRWUIP funding, or is that all too utilised and there would need to be additional funding to meet these projects?

Dr MacLeod: That is an issue for the department.

Dr Parker: As my MDBA colleagues have explained, there is a process to identify those potential projects. There is a process in parallel going on with the states to look at a potential prioritisation of those projects to determine which of them may be at the top of the list in terms of the ability to get the project running, the size of water and so forth. Some of that will be discussed with the states on Friday of this week when the Murray-Darling Basin Ministerial Council meets in Adelaide. At this stage, however, the funding source to build any of those projects, should they be decided as priorities for feasibility, has not been settled.

CHAIR: Thank you.

Proceedings suspended from 17:59 to 19:01

CHAIR: I declare this session open. Dr Grimes wants to clarify an answer from yesterday.

Dr Grimes: If I could, I would like to clarify some of the evidence that I provided yesterday, just in the interests of making sure that the record is correct. Yesterday there were some questions around our projects on the mid-North Coast of New South Wales—local environmental initiatives which are announced in the budget papers. In our evidence yesterday we were able to indicate the location of those projects as being in the Port Macquarie region.

We were asked about electorate information. In my advice and evidence I indicated that electorate information was not germane to policy advice that the department provides. That indeed is correct, but I have been advised that officers in the department had subsequently confirmed that those projects were in the electorate of Lyne. I think that may have been clear in the discussion yesterday, but I wanted to ensure that the record was correct.

Senator HEFFERNAN: Could you give me an idea of the science on which you have based your 3,500 gigs to 7,000 gigs prediction to take water out of the system? By 2050, what was the decline in run-off due to—what increase in the temperature and what decline in rainfall? Obviously, there is 38 percent of the run-off in the Murray-Darling, and 23,000-odd gigs comes out of the landscape. Could you define how the advice you got counselled you to make the prediction you did in the decline in water availability?

Mr Freeman: In broad terms, as I indicated in answering the previous question, the authority got advice from the CSIRO that it believed that the reduction in run-off between 1990 and 2030 from changes in climate would be of the order of 11 percent. The authority used the historic records—we have 114 years of records—as the basis for the adjustment, but where we incorrectly used the CSIRO advice was in essentially applying a linear approach and saying, 'Over a ten-year period, therefore, the reduction in water available to river systems will be three percent.' CSIRO in their feedback have said that they are not prepared to comment on how much of that 11 percent has occurred to date and how much has just been climate variability. The factor we put in was three per cent over 10 years. CSIRO have said, no, it is 11 per cent over 40 years but you cannot determine how much of that is—

Senator HEFFERNAN: In other words, you have taken a low bet. What percentile did you take as the snapshot of the vagary in the science? Because obviously the science says by 2050 there could be a decline between 3,500 and 11,000 gigs and 17 days of snow et cetera. There is a fairly ungenerous prediction on the weather. That weather has a serious vagary based on the, shall I say, spike in the weather pattern of 1900 to 1950 and 1950 to 2000. Wouldn't it be fair to say that it really is just a guess? There is no sound science that stacks it. The science says between 3,500 and 11,000 gigs, two degrees increase in temperature and 15 per cent decline in rainfall maybe.

Mr Freeman: The authority took the median climate scenario. So they have an extreme climate scenario, moderate and medium. We took the median.

Senator HEFFERNAN: In percentage terms, is that under 50 per cent of the actuarial assumption on what might happen? Did they go under the 50 per cent percentile?

Mr Freeman: I do not know.

Senator HEFFERNAN: I listened to the advice earlier about what went wrong with the way you presented. In one sentence what went wrong was that you told the communities you

visited what the answer was before you told them what the problem was. You said, 'Here is what we are going to do', but you did not tell them why. Is that a reasonable summary?

Mr Freeman: I think that is probably part of the issue. I think it is probably more—

Senator HEFFERNAN: Could you have a crack at that on notice? I would be interested. As you know I follow this stuff very carefully. You have the system in the Goulburn River with a mean average flow of 2,700 gigs; it got down to just under 400 gigs two years ago, and we had, as you know, an emergency provision to come around through the Murrumbidgee to provide water instead of the Murray. So that is one.

CHAIR: Senator Heffernan, on that point, can I just get a clarification. In terms of weather, evidence that we have had here and in other committees is that weather is a short-term phenomenon; climate is the longer term—

Mr Freeman: That is correct.

CHAIR: and I think you indicated already that you had to nail both the short-term and long-term. Is that what you have done in this scenario?

Mr Freeman: Yes. And the authority is not an expert authority on climate; it takes its advice on climate from the CSIRO and from other government sources. What the experts are saying to us is that as far as the recent record goes, you cannot 'unscramble', as you have put it, weather from climate. So there has been climate variability, which is 'weather' in your terminology and there is climate change, and unscrambling those for the historic record is not possible.

Senator HEFFERNAN: In plain English the difficulty is whether it is a 50,000 year cycle or a 50 year event. Could I just go to two things quickly. Could you provide—probably on notice would be the best way—the environmental assets you are protecting and the amount of water you think you need to protect them by nature or artificial interception, in other words, piping over the bank or natural flow. Could you also provide or do you know the assets that have a high priority, which obviously you are going to protect—this is the Murray-Darling Basin—the assets which have a low priority and the assets under your plan to protect the high-priority environmental assets that you have written-off and left to the devices of nature? So: high priority, low priority and written-off environmental assets under proposal to divert the water to high-value assets.

Mr Freeman: The authority has not differentiated—and I will get Ms Swirepik to answer the question in detail—between the 2,442 assets. It has identified 2,442 key environmental assets under the definition of key environmental assets under the Water Act. This is part of the methodology that both the scientists and the broader community have not understand, and I think it is therefore fair to say that we have not explained it well. To determine the water requirements for the 2,442 we base it on a methodology that says, 'If you deliver sufficient water for the 18 water-hungry assets, that will be sufficient water for the 2,442.' But we have not in any way said, 'Anything that is key is less important than anything else.'

Senator HEFFERNAN: I will just do something that you can touch and feel. We have the Muggabah-Merrimajeel in the lower Lachlan. I declare an interest; I know it well. I think there was one dreadful decision we made without any market attention. I have read the Australian National Audit Office report on the \$300-odd million sale of 50,000 megalitres in the Lachlan system. The Muggabah system has the Merrimajeel, the Muggabah and a series

of creeks. The people who are running the river system have decided to protect the Merrimajeel because it has an artificial rookery on it; whereas, they are not going to send water down the Muggabah system, which has equal environmental value, that eventually runs into Swamp Peppermint and adjoins Lake Waljeers. So there is some decision making in writing-off environment assets for the amount of water available. What you have said is that there are 2,000-odd assets, but a lot of them are going to be written off.

Ms Swirepik: Rob has outlined some of the initial approach to the identification of what is key under the act. There was a set of criteria there for what assets were determined to be key. In the guide it was published that there were 2,442 assets and we have been reviewing that list since the publication of the guide. It would be fair to say that, given the authority has not landed on a position of what the SDL is, it would be impossible at this point in time to tell you the trade-offs between—

Senator HEFFERNAN: But you would agree that there will be environmental assets that will be written off?

Ms Swirepik: There will be environmental assets that will not be catered for under the basin agreement, that is correct.

Senator HEFFERNAN: When will that information be available? Obviously there is a lot of interest in this because people live along some of these creeks that are going to be written off.

Ms Swirepik: In the proposed basin plan those assets will be re-identified. Any work that we have done on the original assets will be identified so that people will be able to see what is in the list and what is not in the list. Even for things that are not listed as a particular site in the asset, there has been some water put aside in the current builds of the environmentally sustainable level of take to satisfy functions in the river system. It might be that there are provisions for low flows or for freshers to go down parts of the river.

Senator HEFFERNAN: I have raised it here before, but obviously there needs to be proper advice. You bought Booligal Station to save the ibis rookery at Booligal, but, sadly, Booligal Station was subdivided some years ago amongst the family and the ibis rookery is on the part that you did not buy. You bought the wrong place.

Ms Swirepik: I do not think that we bought that. To my knowledge, the Commonwealth—

Senator HEFFERNAN: You are aware of it now; you bought the wrong joint. You gave them \$109 an acre for the homestead block and the rookery is on another place. That is just mug management. There has been a hell of an argument—and a lot of angst and yelling and screaming—in the community about the 3,000 and 7,000 gegalitre withdrawal from the system to protect these environmental assets. There is a water entitlement system that we have in the Murray-Darling Basin. I have always been of the view that once they separated the water, started to trade it and let people on the Gold Coast own it we were going to have problems. In the previous government I gave them plenty of 'How do you do?' on that.

Under the present entitlement system if the river is tough you might get 10 per cent or 50 per cent. I think this year on the Lachlan there is 100 per cent after three years of no entitlement. Why can't you be smart enough to build into the entitlement licence system an allowance for the fact that as the water available in the system declines there is a disparity

between the water that is available to do the work of the river—the irrigation—as opposed to the freight and environmental flow so that the fish do not have to grow legs? You can model that so that you would not have to terrify farming communities by saying, 'We are going to take somewhere between 3,000 and 11,000 gigs off you'—which the original science said. If you had the right model for the entitlement system, bearing in mind we went from area licences to volumetric licences—so 200 acres became a 486 meg licence, which then became an entitlement to water that was available in the system based on units—why couldn't that system allow for the separation of water available to the river and the environment and all things that are good and green and the water that is available to irrigators simply with a formula? That would clear up the whole bloody thing.

Mr Freeman: The methodology you describe is a possibility. What that would do is that basically everyone would end up with less water than they have traditionally expected. The government has said that it wants a solution that did not have third-party impacts. So the government has not changed individuals' entitlements; it simply acquired some of those entitlements so that you do not have that flow-on effect.

Senator HEFFERNAN: I accept that. They have made the right decision on entitlement rather than allocation—I accept all that. With the entitlements that are left, every farmer knows that if things are up the putty and there is only 15 per cent in Wyangala Dam they are not going to get much water. But you would be aware that as the amount of water available for that year declines there is a serious separation in the amount of water that is going to be used to get the allocation to the bottom of the river and service all the environmental assets. You can work that out. That way, you would not have this mysterious announcement—'We're going to take 3,000 gigs off you'—it would be an automatic entitlement that takes account of the differentiation in the water available as the amount of water that is available declines. I could model it for you.

Mr Freeman: You are correct. We could model that as well, but it is not for me to comment on the government's policy decision that they do not want to have third-party impacts.

Senator HEFFERNAN: I hope the government is listening, because it would take a lot of angst out of the system.

Mr Freeman: Yes, Senator.

Senator HEFFERNAN: I will leave it there. If they want help, give us a call.

CHAIR: On this issue of water buybacks, I am not sure if this question should be directed to the department or the authority. How important is it that the government continues that program of water buyback?

Mr Grimes: The government would consider that to be quite important to ensure that there is an adequate way of facilitating an adjustment to a lower level of allocation of entitlements.

CHAIR: Thank you.

Senator JOYCE: I have noted a couple of things in government commitments and purchases and would like your input. In your words, for the record, exactly what does the Commonwealth Environmental Water Holder do?

Mr Grimes: The Commonwealth Environmental Water Holder is a function within the department. In fact, we have the officer who is the Commonwealth Environmental Water Holder with us, Mr Robinson. I am sure he would be very happy to run through some of his functions.

Mr Robinson: The function is established under the Water Act. Its role is to protect and restore the environmental assets of the Murray-Darling Basin. We are required to operate in accordance with the environmental watering plan, which becomes part of the basin plan when that is in effect. We essentially manage the water holdings in cooperation with other environmental water holders and the states and local groups to get the best outcome from that water.

Senator JOYCE: I am curious because, when I look through the maximum government commitment, which was provided in the additional estimates in February 2011, there is a break-up into two categories: infrastructure projects and analysis. We have allocated \$195.8 million to this—that is the maximum government commitment. I cannot for the life of me work out why we need to allocate that much money to it. What is it doing?

Mr Robinson: That allocation is funding that meets the fees and charges for managing the water entitlements.

Senator JOYCE: How much are the fees and charges?

Mr Robinson: I can give you an example. In the current year, up until 30 April this year, we paid fixed charges of \$3.3 million and variable charges—which depend on how much water we are using—of \$1.9 million. There, too, the biggest ones are the State Water Corporation in New South Wales. We are calling environmental water and using environmental water essentially as any irrigator would. For example, the state water agency people are out there opening dams, opening regulators and maintaining the infrastructure that we use.

Senator JOYCE: But you would understand what you have just told me: it is \$3.3 million and \$1.9 million. That is \$5.2 million if my maths are correct, and \$5.2 million is a long, long way away from \$195.8 million.

Mr Robinson: The \$195.8 million is over eight years.

Senator JOYCE: Let us multiply it by four. We have \$5.2 million times eight; that is about \$40 million, so you have another \$50 million or \$60 million.

Mr Robinson: Yes. It is over eight years and the environmental water holdings will be increasing quite substantially over that period. We are in the third year of operation and, although it has increased quite a bit to date, it will increase a lot further. The charges I mentioned are not all the costs we have, but they are the lion's share of it. In most cases they are fees and charges to organisations like the State Water Corporation and Murray Irrigation, for example—where you pay fees and charges too, because we hold entitlements within the Murray Irrigation Area—Goulburn-Murray Water et cetera. Essentially we are a customer of all those organisations because we are using their facilities and their staff are helping us manage the water.

Senator JOYCE: It is only \$41.6 million. There is only about \$40 million there in charges. Is there anything else that it is doing that I do not know about? Is there some

mysterious thing out there? If it is holding the licence, I could do that in St George. It is a licence. It is a technicality. How big are administration charges for doing this job?

Mr Robinson: Sorry?

Senator JOYCE: How big are the administration charges in that maximum commitment? How much is actually people in offices pondering furiously until late at night about whether a piece of paper is going to walk out the door and fly to Mongolia?

Mr Robinson: There are no administration charges in terms of departmental charges of the department itself, because the legislation says that the normal departmental salary costs, for example, have to be funded from the core government program. There are other elements than the fees. I mentioned the fees and charges. They are the lion's share of what we do, but there are some delivery costs as well, pumping in water. These costs are substantial in regulated parts of the system. They are not all that big in the unregulated parts of the system, but down south, where there is more actual infrastructure in terms of managing irrigation water—not private infrastructure but owned by the infrastructure corporations—the fees are much larger.

Senator JOYCE: Even on your figures—\$5.2 million multiplied over eight years; two eights are 16 and five eights are 40, so it is \$41.6 million—can you give us a better breakdown? I am genuinely curious about how we ended up with the figure. These figures sort of float onto the book, and people just accept them but, my gosh, there would be a lot of people out there who would think that is a lot of money. That is almost \$200 million, a lot of money. People would be very interested in exactly how we got to that. Would we be able to get a better break-up of that?

Mr Robinson: Yes, we can take that on notice. It is an estimate of an eight-year program. It includes the fees and charges, some delivery costs, costs of monitoring and evaluation and the like, but we can give you a broad break-up. It will vary across the eight years. We are lower this year than we originally budgeted. It will vary across the eight years as we go through it, depending on water availability and how we are operating and the fees and charges which are applied by all the irrigation corporations and water management bodies.

Senator JOYCE: To manage the water for the birds and frogs.

Mr Robinson: We have had the same fees as irrigation holders, Senator, because—

Senator JOYCE: And so you should, because we operate the same dams to hold the water in.

Mr Robinson: Yes.

Senator JOYCE: But it seems excessive.

Senator Conroy: Is there anything you are not an expert in?

Senator JOYCE: Me?

Senator Conroy: Yes.

Senator JOYCE: I am not terribly good at bakery. We can talk about that, if you like.

Senator Conroy: No, I am sure you can.

Senator JOYCE: The Water for the Future communication—you got \$8.5 million for that. What exactly are you doing there? That is a million dollars a year to talk to people. I reckon I could do that job.

Senator Conroy: There is nothing you could not do, is there? It is incredible!

CHAIR: But what are the qualifications for the jobs?

Senator Conroy: You should not hide your light under a bushel the way you do!

Senator JOYCE: I am aware of that!

Senator Conroy: You should get out more, Barnaby!

Senator JOYCE: I should, Senator Conroy. I have a very sheltered life here, but I love every minute of it.

Senator Conroy: No, that is misleading the chamber!

Senator JOYCE: That is misleading the chamber. So, \$8.5 million for communicating. I do it here almost for free.

CHAIR: But look at what you communicate!

Senator JOYCE: Some would call that value for money.

Senator Conroy: Someday, a long way off in the future, you will perhaps be a minister, Barnaby—a long way off. I have to tell you: your quotes are going to be such a rich vein of entertainment for future senators.

Senator JOYCE: And I will enjoy every moment, because, while you are delving and mining that rich vein, you will be on the opposition benches.

CHAIR: Minister, that is not a prospective thing either, let me tell you!

Mr Slatyer: Apologies for the delay as we tried to ascertain the source of the number that the senator raised.

Senator JOYCE: \$8.5 million.

Mr Slatyer: The funding is partly connected to the campaign about Water for the Future that the government has conducted and it is partly to support broader communications activities around water use efficiency and other messages that we believe are important to convey publicly.

Senator JOYCE: But what messages do you have to spend \$8.5 million conveying that you cannot do—you are a capable person, Mr Slatyer. You do not need to spend \$8 million to do it; you could just put out a media release and do it through your department. You do not have to spend \$8 million communicating.

CHAIR: Mr Slatyer, you were not in the Work Choices campaign by any chance, were you?

Mr Slatyer: No, I was not.

CHAIR: Okay. Thanks.

Mr Slatyer: I think the senator was making a statement rather than asking me a question.

Senator Conroy: I think that is a bad way to characterise—

Senator JOYCE: What are we doing? Is it stamps? We have optic fibre now; it is all very cheap.

Senator Conroy: You do not yet, but we will do it despite you. We are coming to St George.

Senator JOYCE: We don't need \$8.5 million to communicate with the world when we are in whatever it is—the multibillion-dollar entertainment revolution.

Senator Conroy: I have a form here that allows you to say no to the fibre when it comes to your office and your house. Can I get you to sign that now?

Senator JOYCE: I look forward to the day when you start—we will be old and wizened by the time your gizmo gets out.

Senator Conroy: You can sign this form now to say, 'Don't come to my house and my office.'

Senator JOYCE: You did not give those seven people in Armidale that chance to sign it, because when you announced the release of the global entertainment revolution a lot of them were already signed on, so I do not know—

Senator Conroy: You have already—

Senator JOYCE: What happened when you pushed that button? What exactly happened? Everything was already on, so what happened when you pushed the button?

Senator Conroy interjecting—

Senator JOYCE: I was just fascinated. I know that it turned you onto the screen, but what else did it turn on? Lots of lights, lots of excitement, but everything was already on!

CHAIR: Senator Conroy and Senator Joyce, order! Mr Slatyer, do you have anything to add to your response?

Mr Slatyer: No. I feel I have answered the question that was raised.

Senator JOYCE: Just get me a better break-up. Say, 'Mate, we've got a million bucks in stamps and there's \$500,000 in envelopes.' What exactly are we getting for \$8.5 million?

CHAIR: Probably mouse mats!

Senator Conroy: We could probably take that on notice rather than just reading it all out.

Mr Slatyer: Yes, I can get a detailed break-up. We are happy to provide that.

Senator JOYCE: I thought you would take it on notice, because it has got me bushed and I have no idea what you are doing with it.

Senator Conroy: That would not be the first time.

Senator JOYCE: Compliance and enforcement for \$60 million—what have we got here? Do we have a new police force that we are operating? What is going on?

Mr Slatyer: Senator, the compliance and enforcement project is to implement a commitment by the COAG to augment compliance capacity nationally in the area of water. There are implementation agreements with each state which entail us assisting the states financially with the costs of augmenting their compliance capability. There are a range of on-ground augmentations involving the engagement of large numbers of inspectors and people like that.

Senator JOYCE: It would be a huge number of inspectors.

Mr Slatyer: There are also policy improvements and legislative improvements which we are assisting the states to implement to give effect to the COAG decision.

Senator JOYCE: And we have to spend \$60 million on little tin gods running around the joint screaming at people?

Mr Slatyer: Senator, the COAG decision, I think, was based on an opinion by all COAG governments that not enough was being done to enforce water laws. And the adequacy of that amount is a matter for judgment and opinion so we cannot comment on that.

CHAIR: Senator Joyce, Senator Wortley is seeking the call, so I will allow five minutes and then we will move to Senator Wortley.

Senator JOYCE: Yes. Sure. Of the infrastructure obviously that is for saving water, we have the Orange city pipeline for \$20 million. Is that actually saving water in the basin or is that just helping us to carve some money out of a different pot so we can cover it? Really, there is already a pipeline there. Why are we spending another \$20 million? I do not mind you spending another \$20 million, but why do you tell everybody that it is part of your Murray Darling Basin plan?

Ms Harwood: It is part of the Sustainable Rural Water Use and Infrastructure Program spend. It is a water security project for Orange city, which Orange city proposed as a priority. It is basically an additional pipeline to secure water for Orange city.

Senator JOYCE: And has water become more sustainable because we did that?

Ms Harwood: Well, certainly the water security of Orange city, if that is the intention of the spend, is to—

Senator JOYCE: It would be a more urban water issue, would it not?

Ms Harwood: Well, it is drawing from the water source in the Murray Darling Basin.

Senator JOYCE: But it is hardly rural. It is more urban. Orange is a fair sort of city.

Senator Conroy: Oh, please.

Senator JOYCE: Well, it is. Do not say that to the people of Orange. It is a fair sort of city.

Senator Conroy: It is a fair city.

Senator JOYCE: First of all, we had the definition that regional can be the Sydney Opera House. Now we have the definition that Orange is rural.

Senator Conroy: You are asking rhetorical questions. You are asking rhetorical questions, Barnaby.

Senator BIRMINGHAM: The Orange project is being transferred to Mr Robinson in his capacity as environmental water holder.

Ms Harwood: It is not a water saving project in terms of water recovery for the purposes of the tube. But it is a water security project for Orange city, just as under the Strengthening Basin Communities Program there are in rural Australia municipal water projects to assist towns to make their water go further or to secure their water supplies.

Senator BIRMINGHAM: So why is it not funded out of that project?

Senator JOYCE: Yes. Exactly. That is a very good question.

Senator BIRMINGHAM: Why is it funded out of the other program line rather than the rural water infrastructure line?

Ms Harwood: It is of a different character. It is a standalone project agreed between the Commonwealth and New South Wales governments.

Senator JOYCE: But that is not a reason for it to be in this group.

Ms Harwood: Well, this list provides all of the expenditure and all the commitments under the sustainable rural water use and infrastructure projects.

Senator JOYCE: I know it does. What we are suggesting is they are misallocated, are they not?

Ms Harwood: It is not for me to say. This list is the expenditure from the Sustainable Rural Water Use and Infrastructure Program.

Senator JOYCE: It is a statement of the bleeding obvious that it is misallocated.

CHAIR: Well, that is an opinion. You do not have to answer that opinion.

Senator JOYCE: Well, let us try another one. How about the Lithgow to Clarence colliery water transfer project? Explain how it ended up in this group.

Ms Harwood: Well, again, it is a water security project in rural Australia. It is inside the basin.

Senator JOYCE: So if it is just inside the basin, it fits the bill, does it?

Ms Harwood: It is a water infrastructure and is assisting in improving the water security for that region.

Senator JOYCE: My toilet is inside the basin. If we put a new washer in that, can that go into this group? Just because it is inside the basin, you cannot just say that is all it needs to do to be in the Sustainable Rural Water Use and Infrastructure Program.

CHAIR: Well, maybe Ms Harwood will come back to us with a—

Senator JOYCE: What about the Gascoyne pipeline project? Should that be in here as well? And what about the Harvey pipeline project? These things are misallocated. They should not be here.

CHAIR: Senator Joyce, this is your last question. I am moving on. Dr Grimes.

Dr Grimes: As Ms Harwood has indicated, these are infrastructure programs. They are water programs. They are about providing greater water security to communities, so they do fit within the scope of a water infrastructure program.

Senator JOYCE: No. They are about going into a bucket of money that was for a completely different use and taking money out of there and thinking of any excuse under the sun to try to put them in this bucket.

Dr Grimes: Senator, I think we have supplied you with our best answer.

CHAIR: I do not suppose Lithgow or Orange really cares where the money comes from so long as their water security is there.

Senator JOYCE: Well, he is with these people. That is the whole point at the end of the day.

Senator WORTLEY: Dr Grimes, what are you able to tell us about the recently announced funding for the Coorong and Lower Lakes?

Dr Grimes: There has been recently announced important state priority project works for those areas. We have had a team that has been working on this closely with the South Australian government. Mr Slatyer has been leading our involvement in that area. I am sure he would be happy to provide you with some further information on the scope of the projects themselves.

Mr Slatyer: Senator, the government has recently decided to contribute resources from the Lower Lakes project to the costs of the removal of the Narrung Bund with the objective of restoring the connectivity of those two systems. The government is also currently considering proposals from South Australia with regard to the removal of the Clayton regulator and has earmarked some funds. I think it has been stated publicly that \$9 million has been earmarked for that purpose.

Senator WORTLEY: Do you know what sort of timeframe they are looking at?

Mr Slatyer: Well, the public statements have been made by the South Australian and Commonwealth governments about the urgency of that work. Discussions are continuing between the governments on progressing that work right now.

Senator BIRMINGHAM: We heard from other departmental officials earlier today that the South Australian government is in breach of its obligations under the EPBC Act.

CHAIR: Senator Wortley, you have the call. It was not about that, though.

Senator BIRMINGHAM: Yes, it was in regard to the Clayton regulator's removal. I will happily show you the inside extract.

Senator WORTLEY: Can we get a progress report on the Murray Darling water purchase—I know we touched on it—and on the impact of the final sustainable diversion limits on the Murray Darling Basin plan?

Dr Grimes: Senator, we should be able to give you an update of how that program is progressing. Ms Harwood will have the latest figures to run through with you.

Ms Harwood: Is this for progress for the buyback? As of 30 April, the Restoring the Balance Program had secured the purchase of 977.1 gigalitres of entitlements, which will deliver on average 688.5 gigalitres of water for the environment each year. The value of those entitlements is \$1.58 billion.

Senator WORTLEY: Thank you. As to the impact of the final sustainable diversion limits in the Murray Darling Basin plan, are you able to—

Ms Harwood: Sorry, I am not quite sure what you mean by your question.

Senator WORTLEY: Well, the water purchasing to date counts towards the final diversion limits.

Ms Harwood: Yes. It goes towards breaching the gap.

CHAIR: Mr Robinson, I understand that you want to respond to some questions that were put to you yesterday by Senator Ludlam.

Mr Robinson: Thank you, Senator. I understand Senator Ludlam asked either last night or today a question in relation to some savings that were included in the budget with regard to

the National Rainwater and Greywater Initiative and the green precincts subprogram. As I understand it, Senator Ludlam's question was about what had happened to the savings. The answer to that is that in both cases the savings have been returned to the budget.

CHAIR: Thank you. Senator Birmingham.

Senator BIRMINGHAM: I know Senator Joyce touched on some aspects of this. Mr Robinson, what has been the total allocation available for 2010-11 against the Commonwealth Environmental Water Holder holdings,?

Mr Robinson: The total allocation to date for this year is 728.5 gigalitres.

Senator BIRMINGHAM: And you are not expecting at this late stage any adjustments to that?

Mr Robinson: No, Senator. The allocations are not entirely but largely at 100 per cent across the basin.

Senator BIRMINGHAM: Do not get into that debate in South Australia at present.

Mr Robinson: That is true, Senator. But we would not expect any increases at all. It is too late in the year.

Senator BIRMINGHAM: Can you tell me how the 728.5 gigalitres of available allocated water has been directed this year?

Mr Robinson: Yes, Senator. We have used to date 219.5 gigalitres. In addition to that—and all these things are always subject to what happens with rainfall and rivers and all that sort of issue—our current expectation is that we will use an additional 120 or thereabouts in the rest of the year. That leaves us with a carryover of approximately—again, subject to circumstances—370 or 380 gigalitres going into the new year.

Senator BIRMINGHAM: So all of the licences that the environmental water holder has will have a carryover potential attached to them?

Mr Robinson: Carryover, Senator, varies extraordinarily across the basin. Carryover, of course, is really an issue only in the regulated parts of the system, where there is upstream dam storage. The rules vary widely, including in the southern connected system; they vary widely as well. But in most of the regulated parts of the system, carryover is available to some extent. Going into this year, like most water users, we had a relatively low carryover because we were using our water in sort of extreme drought circumstances. Both because rainfall has been so large and inflows have been so high, we have been able to use water at the back of the sort of good rainfall in the southern part of the system to not only build on those flows and get environmental benefit from that but also establish a fairly good carryover going into next year. Our intent is to be able to commit to watering actions in the spring part of the season next year in a much better way than we have been able to do previously just because we had no carryover from the previous year.

Senator BIRMINGHAM: Do you have established policies around carryover water and how you are actually going to apply it and how much the holder will carry over in any one year?

Mr Robinson: We have our own policy approach, which we review, particularly in the period where we are at at the moment. In the second half of the water year, we look at every catchment, the allocations we have available and what the carryover rules are. As I mentioned

earlier, some of them are quite flexible. Others are heavily constrained. We manage our water in such a way as to use the water that is more likely to not be able to be carried over first. So we are considering the options and trading off all the time, really, the benefits of using water where we can, what the carryover arrangements are and, therefore, the risks of not having that water available next year.

Senator BIRMINGHAM: You are not able under the act, are you, to sell allocations in any one year?

Mr Robinson: We can, Senator. That is the third option which I was about to say we also have available to us. The legislation does allow us to trade allocations and entitlements, for that matter. In the start of this water year in our business plan, which we published at the time, we said we did not expect to be trading water during the year, again because we did not have much carryover, drought circumstances establishing the role. And we have not traded water yet. Having said that, going into the new water year, things are quite different. We would expect that trading of allocations in particular will become part of our business as we go forward.

Senator BIRMINGHAM: And if you do trade allocation in any one year, is that funding then held in a trust of the environmental water holder for you to be able to potentially purchase allocations in other places in other years?

Mr Robinson: That is right, Senator. It all gets paid into the special account and it is available for, as you say, potentially purchasing other water. So it has the potential to, in a way, open up the carryover rules a little. So rather than actually just carrying over under the normal water sharing plans in a particular catchment, we might be able to carry over through the finance arrangements.

Senator BIRMINGHAM: Now that you are building up a larger entitlement, have built up a carryover, and we all hope for good years going ahead, will the business plan start to take a longer term outlook, potentially, of what the environmental watering objectives of the holder may be?

Mr Robinson: Yes, Senator. I think it is the case for all management of held environmental water. Our role came a bit after roles like the Living Murray program or some of the state programs. But in the past, all of those programs have really been doing individual site watering within one year with a view to trying to just protect against sort of critical environmental damage, especially in the case of the last 10 years, which have been a generally pretty consistent drought. So now that there is more environmental water available and improved water availability with rainfall, I think all environmental water holders are looking to not just ask, 'What are we doing this autumn or this winter?' but ask, 'How does it relate to the spring and how does it relate to a multi-year plan for that particular area and for the connected sites?' So it is about not just one site at a time but how water can flow between various sites to get the best outcome.

Senator BIRMINGHAM: Okay. Obviously that will be further informed when the basin plan is finalised?

Mr Robinson: Yes, Senator.

Senator BIRMINGHAM: Thanks, Mr Robinson. My erstwhile colleague to my right here, Senator Joyce, is often to my right. Question on notice No. 58 highlighted a promise that

the department would be providing the minister with a refined purchase plan as soon as the guide is released. I want to be clear here. Are we looking at the draft guide to provide a refinement at that point or the final version?

Ms Harwood: We are reviewing the approach to water purchase. Obviously, there will be a major point of review when the proposed basin plan comes out and there is the articulation of the proposed SDLs and the reductions that may be required from existing diversions. So, in light of that, we will be able to refine our purchase strategy. The current strategy remains focussed on areas with high environmental watering need.

Senator BIRMINGHAM: So you will refine it when the draft guide comes out. And then it will be finalised or updated once the guide is finalised?

Ms Harwood: Yes.

Senator BIRMINGHAM: That is what I understand, Ms Harwood. Will that purchasing strategy and either of those points be made public?

Ms Harwood: Yes. Our intention is to do that.

Senator BIRMINGHAM: On both of those points?

Ms Harwood: As I understand it, yes. It is to describe clearly what our approach to the water purchase program will be when we have had the opportunity to see the outcome in the proposed basin plan.

Senator BIRMINGHAM: Excellent. Thank you. I want to go to the \$328 million earmarked for the desalination plant in Adelaide. The answer to question on notice No. 62—Senator Joyce has been busily reading these overnight or this morning—tells me that funds for the initial \$100 million are provided on the achievement of milestones and are set out in the implementation plan. You must forgive me but, in the 12 or 36 hours I have had since getting the answer courtesy of your minister—it is not your fault—I have not had a chance to review the implementation plan. But how much of the first \$100 million has been paid?

Mr Robinson: I believe it is \$60 million.

Senator BIRMINGHAM: \$60 million out of the first \$100 million has gone?

Mr Robinson: Yes.

Senator BIRMINGHAM: Excellent. And do you have an understanding as to what the milestones are and when they will be achieved for the remaining \$40 million?

Mr Robinson: Broadly, I understand that there have been some construction delays with the 50-gigalitre stage of the desalination plant. So they have delayed, I think, our milestones to some degree but not all that significantly. My understanding is that the current South Australian advice is that the full 100-gigalitre plant is still on schedule.

Senator BIRMINGHAM: I will go, then, to the 400-gigalitre plant and what that means for the other \$228 million that was promised on a whim by former Prime Minister Rudd. Is there an agreement with some ink on it in relation to that \$228 million?

Mr Robinson: There is not a signed agreement yet, no.

Senator BIRMINGHAM: I think it was 2008, if my memory is correct, when former Prime Minister Rudd announced that extra funding. Do you recall when the commitment of

the federal government was made to support the doubling of the size of the Adelaide desal plant from a 50-gig plant to a 100-gig plant?

Mr Robinson: I will just check that. I did not think it was 2008. But it has been a little while. I think we would describe progress on the agreement as being well advanced, and we are pretty confident it will be resolved quickly. That has not in any way affected the construction of the facility. As I said, I think the discussions are quite well advanced.

Senator BIRMINGHAM: I am pleased you are describing the negotiations as being well advanced. I would describe them as being rather slow moving, by the sound of things. What have been the hurdles in relation to the \$228 million? Why has it taken two prime ministers and several years and a couple of water ministers to get to it?

Mr Robinson: At the time of the announcement, I think the Commonwealth government announced the conditions for the second lot of funding. That indicated quite clearly that the funding was primarily about the urban water security of Adelaide. But there was also the sub-intent of providing a reduced reliance on the Murray. Just scoping that out and coming to an approach on that is what has taken the time. But, as I said, it is well advanced and I would have to say we would be fairly confident it will be resolved.

CHAIR: Senator Birmingham, I intend to go to Senator Wortley in a couple of minutes.

Senator BIRMINGHAM: Okay. If my quick Google search is correct, it was 11 May 2009 or thereabouts that the doubling promise was made. So 2008 is wrong. But we have ticked over a couple of years now since the promise was made and there is no ink on a contract yet. In terms of the negotiations and where they have gone, is there a reduced reliance on the Murray as part of the funding for the desal plant?

Mr Robinson: I could not comment at this stage, because that will all be outlined in the agreement when it is finalised.

Senator BIRMINGHAM: Does the principle still stand? It was a condition in 2009. Is it a condition in 2011?

Mr Robinson: Yes, I believe it is.

Senator BIRMINGHAM: You believe it still is?

Mr Robinson: Yes.

Senator BIRMINGHAM: But you cannot tell me how that condition materialises itself in the contract?

Mr Robinson: Not yet, because the negotiations are going on and we have not finalised it.

Senator BIRMINGHAM: When do we expect finalisation? I know you said soon.

Mr Robinson: As I said, I think it is well advanced, but I probably should not indicate a date.

Senator BIRMINGHAM: Could that be because it will spoil a media announcement for the minister? Is there a date locked in, Mr Robinson?

Senator Conroy: There is not a date. You are so young!

Senator BIRMINGHAM: It has only taken a few years of sitting here in this room with you on a regular basis, Senator Conroy.

Senator Conroy: It is depressing when the youth end up so cynical.

Senator BIRMINGHAM: 'The youth of today'—I can hear your talk now.

Senator JOYCE: We can switch on the NBN!

Senator BIRMINGHAM: So you need to protect me from myself on the internet or something. Is there a finalisation date?

Mr Robinson: I do not believe so.

Senator BIRMINGHAM: Before the Chair rips the time out from underneath me, I still have some other questions that I would like to ask.

Senator WORTLEY: Ms Harwood, I just want to go back to the question that I asked earlier. What I was specifically speaking about was the additional \$118 million that the government announced in relation to the Coorong, the Lower Lakes and the Murray mouth region. So it is \$118 million. What is that actually going to be put to use for?

Ms Harwood: Mr Slatyer can take that.

Mr Slatyer: Senator, I apologise. I did not catch your full question last time. I thought you were asking just about the works around the Goolwa Channel and the Narrung Bund. You are asking about the whole purpose of the Lower Lakes project and the \$118 million announcement that was made recently by the government. This is a project that had its inception at a time when the lakes were facing a large ecological crisis, with risks of runaway acidification, hypersalinisation and so forth. The project was developed in part to ensure that in future we could better manage those kinds of crises should the lake levels fall again. It has a number of components that are aimed at that objective. One is what has been described as the vegetation and fish program, which is primarily about restoring the lake shoreline with revegetation plantings, with pest management practices, fencing and so forth. The reason that is important is it is envisaged that for the long-term health of that lake system it will be necessary to allow the lake level to rise and fall more frequently in a more natural kind of way rather than hold it at a constant level. So this program will create a more resilient buffer zone around the lake foreshore. That accounts for \$39 million of the program. A second major component is aimed at dealing with the issues in the south Coorong, which has been the subject of extremely high salinity levels. The project includes further investigations of measures to deal with that problem. There are broadly two approaches that are being looked at. One has been considered for some time, which is to simply pump the hypersaline water out of that area and let it refresh with natural sea water. Another is to enhance natural flows from the upper south-east region into the south Coorong, which would be a further augmentation of longstanding works in the upper south-east area. This project funding envelope has been made available to investigate fully the best ways and means of achieving a better outcome at the south Coorong. An envelope of money is provided for in this project of \$46 million for dealing with that issue.

In all these things, there are some minor related projects too, which I will not go into. A third component is around capacity building to enhance local community and indigenous engagement and input to strategies that are required for better managing the lake system going forward. It was considered that this is just as fundamentally important as the practical works, if you like, that are required. An amount of \$6.3 million has been earmarked for enhancing the capacity to take on board experience and advice from the Ngarrindjeri community and

other local community facilities, such as the lakes' hub and so forth. So that broadly is the purpose of that project.

Senator WORTLEY: Again, what sort of timeframe are we looking at in relation to these projects?

Mr Slatyer: The next step in the process is to finalise detailed funding agreements around the projects. That work is occurring now. The intention is that funds will be flowing from next year onwards in this project and it will all be proceeded with quickly.

Senator WORTLEY: Thank you.

Senator JOYCE: SRWUIP stands for Sustainable Rural Water Use Infrastructure Program, does it? Please, God, do not take that on notice.

Dr Grimes: I think you have missed an 'and' there, Senator—Sustainable Rural Water Use and Infrastructure Program.

Senator JOYCE: And it was set up in July 2008 from the intergovernmental agreement on the Murray Darling Basin reform. That is right?

Ms Harwood: Not quite, Senator. The Sustainable Rural Water Use and Infrastructure Program is the national program. It is the national investment as part of water for the future. A component of the Sustainable Rural Water Use and Infrastructure Program funds is committed for the state priority projects we negotiated in the intergovernmental agreement in 2008. But SRWUIP, to use its short title—

CHAIR: What is its short title?

Ms Harwood: I will just use the full title. The Sustainable Rural Water Use and Infrastructure Program in total is \$5.8 billion. From memory, \$3.2 million of that is allocated towards state priority projects under the intergovernmental agreement of July 2008.

Senator JOYCE: I just want to read from the initial answer that you guys gave us on notice:

The majority of SRWUIP funds are allocated to infrastructure projects agreed in principle in the July 2008 intergovernmental agreement on Murray Darling Basin reform for state priority projects.

This has got me curious because I have \$140 million here for supporting more efficient irrigation in Tasmania. So what part of the basin is Tasmania in?

Ms Harwood: In the table on the following page—

Dr Grimes: I was going to say, Senator, I thought that Ms Harwood had answered that question in indicating the broad focus of the program. It has a national focus.

Senator JOYCE: Very good.

Dr Grimes: It sounds like she has some additional information to provide.

Ms Harwood: On the table that we provided in the answer to the question on notice, you will see that the state priority projects are at the top of that list as \$3.2 billion of expenditure. So that line there is the money that was committed through the intergovernmental agreement for expenditure on state priority projects. That is a large proportion of the program's funds. But it is a national program for sustainable rural water use and a number of other projects. The lion's share is committed inside the basin, but there are projects outside the basin, including the investment in Tasmania and some projects in Western Australia.

Senator JOYCE: Well, I must admit Tasmania and Western Australia are definitely outside the basin. When I say ‘rural’ to you, what do you think—cows, trees, predominantly dark at night, lovely people, country drives?

Senator BIRMINGHAM: It sounds like an invitation, Senator Joyce. I have been on a country drive with Senator Joyce.

Senator Conroy: It was certainly dark that night.

Senator JOYCE: It was very dark. He got lost. When I say rural to you—

CHAIR: Was it dark when you both hit the four-wheel drive?

Senator JOYCE: It is a very serious question, Senator Wortley, a very serious question. We are the most unwatched thing in Australia at the moment. The State of Origin has kicked off. Believe you me, you could cartwheel around the joint and no-one would care.

Dr Grimes: Senator, I think we have indicated that the program is the Sustainable Rural Water Use and Infrastructure Program.

Senator JOYCE: So what is your definition of ‘rural’? We have these problems with your definitions. What does rural mean to you?

Dr Grimes: In this case, rural is referring to areas outside of major metropolitan centres. But it is the Sustainable Rural Water Use and Infrastructure Program. You have raised a couple of questions about water security projects that may be focussed on some larger regional centres. But we have indicated that the program does fund infrastructure programs and they fit within the SRWUIP funding envelope. As Ms Harwood has indicated, the lion’s share of funding for SRWUIP, as it is known, is allocated within the basin and, indeed, to areas that would be well recognised as being rural in nature and not in the nature of a regional centre.

Senator JOYCE: Well, that is interesting. And infrastructure program; that has real power, then. So that is how you get the Orange city pipeline in there?

Dr Grimes: We indicated to you that there was an infrastructure program. It fits within the overall SRWUIP funding.

Senator JOYCE: Well, if it is an infrastructure program, so is the second harbour tunnel. That is an infrastructure program. That could go in there?

Dr Grimes: Well, clearly, Senator, the program is not being used to fund projects of that nature.

Senator JOYCE: Why not? It is funding other things that are very much like it.

Dr Grimes: I think we have provided you with a reasonable explanation of the scope of the program.

Senator JOYCE: You have provided me with an explanation, not a reasonable one.

Senator BIRMINGHAM: Of the \$5.6 billion allocated to this program, how much of it will be spent on water saving infrastructure projects in the Murray Darling Basin that will result in the provision of additional holdings to the Commonwealth Environmental Water Holder?

Dr Grimes: There are a number of elements in that. We may not be able to go to them because—

Senator BIRMINGHAM: They are actually all of the elements that formed a part of the initial model for this type of funding.

Dr Grimes: There is no doubt that the majority of funding is allocated in that way. There are some projects here that are environmental projects in nature that are funded through the SPPs that can actually have the impact of assisting in the overall health of the basin and, indeed, may be taken into account by the MDBA in determining sustainable diversion limits into the future.

Senator BIRMINGHAM: If you cannot provide that answer now, you can provide it on notice. Yes, there are a number of elements to the question, but the reality is that, from 2007, when this funding was first announced and put on the table, they were all meant to be the elements that this funding was directed at. Water would be returned to the environment and held by the Commonwealth Environmental Water Holder. They would be projects in the Murray Darling Basin. They would all go towards offsetting what the basin plan achieved. Since then, it seems as if definitions have been broadened somewhat.

Dr Grimes: I would certainly indicate that that is the lion's share of it. To give you a precise figure would be to—

Senator BIRMINGHAM: Senator Joyce takes delight in that.

Senator JOYCE: 'Somewhat' is somewhat polite.

CHAIR: Senator Joyce, five more minutes.

Senator JOYCE: It is a shame now. Due diligence costs are \$35 million. What are we doing for due diligence?

Ms Harwood: That refers to due diligence in terms of when we are doing the technical assessment of a major project proposal. So we get a substantial business case in for a project and it includes engineering consultants and others who assist us in assessing the proposal for its technical merits and for costing et cetera. So it includes those aspects. It also includes due diligence costs on the water transfer from projects. For instance, if we have, as we do, hundreds of projects on farm which are each delivering individual water parcels or savings that come towards the Commonwealth, there needs to be due diligence on each of those water parcels, on those water entitlements, to check that the entitlement is held by the person that says they own it et cetera, that it is unencumbered and it is ready for transfer. So over the life of the program, against all the different elements that are being funded and all the different types of water transfer and technical assessments that are occurring, all of that is embraced within that due diligence. The conveyancing is also for the legal services in the actual conveyancing of water.

Senator JOYCE: When were the decisions made to include these costs in SRWUIP?

Ms Harwood: Which ones—the due diligence and conveyancing?

Senator JOYCE: The due diligence. To be honest, most of these—and I will ask you in two phases—payments look a lot like just transfers to the state. I want to know when we decided to make these transfers. When was the decision made to put in the Orange city pipeline? When was the decision made to use money that predominantly people believed was supporting the return of water to the Murray Darling Basin but that we now find is supporting irrigation in Tasmania? I have no problems with Tasmania; I just never thought they were part

of the basin. And when does ‘and infrastructure’ become such a powerful term that we can actually include things that have nothing to do with the rural. Orange is not rural. Orange is a regional city.

Ms Harwood: I will take some of those, Senator. The Sustainable Rural Water Use and Infrastructure Program is a national program. Nearly all the funding is committed inside the basin, but in its construct it is not confined to the basin and it has elements of rural water infrastructure expenditure in both Tasmania and Western Australia. In relation to the Orange city pipeline, from memory, that was agreed between the Commonwealth and the New South Wales governments in July 2010. I would have to take on notice the point at which we—

Senator JOYCE: I will start with a more basic question. Would you agree that a lot of these just look like payments to the states?

Ms Harwood: The main payment to the states is in the character of the state priority projects, which is for infrastructure projects that are being conducted by the state governments. Some components of that are delivered by the Commonwealth, but most of that \$3.2 million is for projects which the states proposed in the intergovernmental agreement as priority projects that they wanted funded and which are being funded through SRWUIP.

Senator JOYCE: Would you see advertising as either rural or an infrastructure project?

Ms Harwood: You will see in the table we provided that we split the description of the expenditure items that you had requested to be detailed for SRWUIP into infrastructure projects, including analysis, assessment, planning and support; and then improved water use and knowledge; market reform; water skills development et cetera. So the communications element really comes within the parameter of improved water use and water knowledge and information.

Senator JOYCE: What about enabling activities? We have program spend to 28 February 2011 as \$15.2 million. What are enabling activities? Are they rural, are they infrastructure or are they unexplainable?

Ms Harwood: I am sorry, but could you tell me what you are referring to?

Senator JOYCE: I am referring to attachment A, Standing Committee on Environment and Communications Legislative Committee, answers to questions on notice, sustainability, environment, water, population and communities portfolio additional estimates, Sustainable Rural Water Use and Infrastructure Program, program project and, under that guise, enabling activities, \$15.2 million. What is it? What are we getting for \$15.2 million? Is it rural? Is it infrastructure? What are we talking about with enabling activities, because we have \$15.2 million worth of them?

Ms Harwood: I will have to take that on notice. It could be supporting technical assessments and consultancies that we do to assist in the assessment of projects and things of that sort. But I will take it on notice and we will give you a breakdown.

Senator JOYCE: If you are thinking of taking that on notice, you can also take on notice a breakdown of due diligence and conveyancing costs; a breakdown of meter test facilities for—

Ms Harwood: I will explain on the due diligence that that is ours—

Senator JOYCE: You can take down a breakdown for water for future communications as well.

Ms Harwood: Yes.

Senator JOYCE: You can take down a breakdown for basin plan activities for \$59 million. You can give me a breakdown of compliance and enforcement for \$60 million. I want a further analysis of Commonwealth Environmental Water Holder management of water holdings for \$195.8 million. I also want to know exactly when the decision was made for the Orange city pipeline. How is the Lithgow to Clarence colliery water transfer project seen as rural and fitted into this project? That will do. That will keep you busy. Do that.

CHAIR: I am sure they are just looking for this type of work.

Senator JOYCE: Well, it is other people's money. It has to be paid back. We have to find out what we are doing with it. In the end, do you feel that some of these other projects are going to compromise the amount of water that we can actually get back into the basin because it has been distracted into other mechanisms that really are not going to assist getting more water back into the Murray Darling Basin? They are just going to assist in covering other issues.

Ms Harwood: This fund is about more than just building infrastructure. It is also about the analysis and improved water knowledge and water use efficiency. It is a broader suite of investment than just pipes and cement. But the lion's share of the funding is actually going towards infrastructure projects. Not all of those will save water, but many will. Some of them are projects like the pipelines in South Australia that provided irrigation and potable water to communities that were at peril of not being able to have water either to grow their crops or for their stock and domestic use. So it was to provide them with an alternative water source from a different point in the Murray where they could get water that was suitable for agricultural and stock and domestic use. So some projects are about the sustainability of those communities but they are not expressly about recovering water entitlements for use by the tube. Other projects, such as the on-farm projects and some of the major refits of irrigation systems, provide exactly that, whether it is lining channels or changing the way an irrigation system is operated so that you can operate it more efficiently and have fewer losses in the system. They can realise water savings that come back to the Commonwealth.

Senator JOYCE: This is my last question. But can you not see that with all these amounts—the Orange city pipeline, the Lithgow-Clarence colliery, these other ones we cannot quite understand, supporting more efficient irrigation to Tasmania—the money that is there adds up to hundreds of millions of dollars? We could have done something such as—and it does not worry me now because unfortunately they are with their maker; they are in administration—buy Cubby station, create it as an irrigation scheme, put water from there back into the river and really made a substantial and cogent change to both the aspect and the understanding of the river system. It was something that could have been done. Instead, you have all this paraphernalia which is not actually going to make a big difference.

CHAIR: Is that a statement or a question?

Senator JOYCE: It is a question. Why do we go down this path? The people in South Australia are not going to read any of this stuff as really helping their cause. They are not

going to get any more water in the river. But with something like that, they would have seen it. They would have been able to say, ‘Well, that makes sense. They have recalibrated.’

Senator Conroy: You have not actually fallen for any of this, have you, Senator Birmingham? You are on the same page, I heard, earlier.

Senator JOYCE: Well, I do not think Senator Birmingham and his constituents in South Australia are going to be doing jumps of joy because of the Orange City pipeline.

CHAIR: Senator Joyce, we are running out of time.

Senator JOYCE: It is a serious question. I want to know why you did not consider alternative projects, such as that, which would have made it more cognisant to the Australian people that it is doing something and more coherent in being able to actually deliver water back into the system and fix the problem.

Mr Tucker: Senator, you are asking us to give an opinion and comment on government policy. It is not a question that we can address.

Senator JOYCE: Were any of these government policies. Were you directed to do these?

Mr Tucker: These projects were established as part of the Commonwealth-state agreement, as mentioned—not all of them, but many of them.

CHAIR: Thanks, Senator Joyce. Who can help me with the Native Fish Strategy? This is something that I think most people up and down the river are interested in with the basin. I understand that you have a number of things you are trying to achieve: to rehabilitate the fish habitat, protect the fish habitat, manage the riverine structures, control alien fish species, protect native fish species and manage fish translocation and stocking. That summarises what is being done. What are the implications of the recent flooding on these actions that you are trying to achieve? Is some of it positive?

Ms Swirepik: A lot of it will be positive. One of the, I suppose, fundamental underpinnings of moving towards a basin plan and water for the environment is that fish need various cues to actually start them breeding. Various pressures and floods throughout the river system provide the cues to actually make them start breeding. It also connects the river with the floodplains so that the floodplain brings carbon back to the river and promotes all the things at the bottom of the food chain, if you like, to get going. That supplies the food source for fish at the top of the food chain. It is fairly widely known that, with those sorts of boom and bust or quite variable flow regimes, the Australian native fish are adapted to them and thrive under those conditions. They need those pressures and floods to keep them going.

There are some possible detrimental things from the floods as well. One is probably a risk of tilapia incursion in the north of the basin. At the moment, that is threatening pest fish species that is not actually inside the basin. There was a concern that with such wide-scale flooding there might have actually been floodwaters that passed almost the boundaries, if you like, traditionally of the Murray Darling Basin with some of the northern catchments and there might have been the potential for tilapia to come into the basin. Carp are also known to react to flooding conditions, so there is a mixture of positive and negative.

CHAIR: What is the prognosis for the Murray cod?

Ms Swirepik: I have not got any available research to draw on to hand. I know from previous floods when I have been around, I suppose, in the last couple of decades that it has

been shown quite neatly that cohorts of Murray cod can actually be aligned to flood years. I have not seen any data yet this year. Certainly on the Murray, where we have active monitoring programs going, it has been very difficult for us to actually get into sites because of how wet they are. So we are yet to start getting information back from the states, who do most of the work on our behalf, about how sites have reacted to the flood. The Sustainable Rivers Audit will pick the response up from the floods in the years to come, but this coming sustainable rivers audit was actually undertaken in the drought years, so it will be the sampling we are doing this year that will actually pick up the flood response.

CHAIR: One of the issues is managing the riverine structures. You said some of this is done at the state level. Have any of the rehabilitated structures been damaged by the floods, or is that seen as a natural progression of the water?

Ms Swirepik: Certainly the built structures in the stream have not been damaged by the floods. On the Murray River it is a normal practice to actually remove all of the gates on the weirs when it gets to a certain flood level. My colleague David Dreverman could give you more information about that, but it is to allow the free passage of the river, if you like. That is an opportunity for fish to move up and down the river without being constrained. Up and down the Murray River, we have nearly completed the sea to Hume fishways program. Certainly, none of the fishways, to my knowledge, have been impacted by the flood. There is some infrastructure being built on the floodplain for the Living Murray, which is to convey water out to our Living Murray icon sites. Those projects have had to be put on hold while the floodwaters pass through. So to my knowledge there is not necessarily a lot of damage to the partly built infrastructure there, but all of the projects have had to be abandoned while there is water on the floodplain and will continue after the flood recedes.

CHAIR: Obviously making sure that there is enough water in the Murray is extremely important. But this is an important program for the Murray Darling authority, is it?

Ms Swirepik: Yes. It was a program that transitioned from the Murray-Darling Basin Commission. It has had variable funding. I suppose it has had more over the last couple of years than it historically had under the commission. That is partly because of the funds that the commission received late in its lifespan. We undertake a whole number of programs that go towards the objectives that you read out at the beginning of your statement. They include things like demonstration reaches, where activities are undertaken in a river section to rehabilitate it for native fish. It might be re-snagging, putting in minor infrastructure or improving riparian vegetation—all sorts of things that they expect will improve the local fish population. So we have a number of fairly significant programs—well, maybe not significant in the context of this hearing. It was about a \$6 million program last year for the Native Fish Strategy.

CHAIR: In terms of the alien fish species, what is the biggest pest?

Ms Swirepik: Carp, certainly, in the basin at the moment. In the south of the basin, trout are a bigger issue because they prefer the colder temperatures. Probably the biggest threatening fish is tilapia, as I said, which is not yet in the basin.

CHAIR: How much money has been spent on carp control?

Ms Swirepik: Carp are very difficult to control. I have been involved on and off with carp control issues for probably 15 years. When you have a pest species like that, it is almost

impossible to eradicate them, so there have been various efforts put into carp control. The biggest investment that has been made by the Murray-Darling Basin Authority and the former commission is in the CRC for invasive animals. There is a daughterless carp program that we have been putting funds into. It is approximately \$1 million, I think, a year—I would probably have to confirm that figure—over 10 years. That is to try and get a genetic structure, if you like, that will actually stop carp having anything except for male offspring. That is probably one of the biggest hopes in a big biocontrol type program. We do a lot of carp screening through the fishways on the Murray River and that removes a lot of carp. I think David Dreverman might be able to give some figures, but that sort of manual removal effort is continuing in the meantime.

CHAIR: Do you have a figure for the overall cost of this program?

Ms Swirepik: Of the Native Fish Strategy?

CHAIR: Yes.

Ms Swirepik: I could not tell you. I would have to take that on notice. I know that it has varied between approximately \$2½ million and \$5½ million over the last couple of years. So the allocation that it gets is dependent on what our partner governments sign off in our corporate plan.

CHAIR: Can you tell us how many people are employed on this project?

Ms Swirepik: I believe we have five people directly employed within the Murray-Darling Basin Authority. We also provide each state with an amount of funding to support a coordinator to coordinate native fish activities within their state. We run that group of coordinators together with our activities under the umbrella of the Native Fish Strategy.

CHAIR: Senator Birmingham, did you want to put a question on notice because we are out of time?

Senator BIRMINGHAM: I will put some questions on notice regarding Menindee Lakes and others. I want to correct the record. I said to Mr Robinson, when we were talking about the Adelaide desalination plant, that it was announced on 11 May 2009. I stand corrected. That was clearly a reannouncement by former Prime Minister Rudd. According to a reliable source, such as Amanda Rishworth in the local community newsletter, it was announced on 14 August 2008 just prior to a community cabinet meeting held at the Hallett Cove school gymnasium. So, in fact, that promise does date from 2008. We are still waiting for the ink to dry on it.

CHAIR: Thanks for that, Senator Birmingham.

Senator BIRMINGHAM: There is another unrelated issue, Chair. I thank Mr Freeman. This, of course, is his last estimates with us. Whilst we have had many exchanges over that period of time, you have always been very helpful to all of us, Mr Freeman, so thank you and best wishes to you and your family.

Mr Freeman: Thank you.

CHAIR: Mr Freeman, on behalf of the committee, we also offer you all our best for the future.

Senator Conroy: Hear, hear!

CHAIR: I am sure you will not miss estimates.

Senator Conroy: He has actually asked to come back for a special encore.

CHAIR: Mr Freeman was looking a bit relaxed as the clock was ticking down to 8.30 pm. So thanks for all the work you have done. We look forward to meeting you in the future. Good luck for your future endeavours. I am sure you will do well.

Mr Freeman: Thank you.

CHAIR: I will now call officers from the National Water Commission.

National Water Commission

[20:32]

CHAIR: Mr Cameron, would you like to make an opening statement?

Mr Cameron: No, I am happy to take questions.

Senator BIRMINGHAM: Is Ms Munro not able to be with us tonight?

Mr Cameron: Ms Munro is the chair of the commission. As with the MDBA, it is the CEO who normally attends estimates.

Senator BIRMINGHAM: That is right. You just threw me, Mr Cameron. Can you tell me about the appointment process for a new CEO?

Mr Cameron: That is a question probably best directed to the department. I understand that processes are underway.

Dr Grimes: I am happy to just make some brief comments. With Ms Munro confirmed as the chair of the commission, we should now be able to proceed through to the process of appointing a permanent chief executive to the authority.

Senator BIRMINGHAM: The PBS does highlight a certain issue regarding the National Water Commission Act having a sunset clause of 30 June 2012. It identifies that that is increasingly impacting on the commission's operations through staffing and supply arrangements. Is it having an impact as well on the potential capacity to get a chief executive?

Dr Grimes: No, that process will run. You are right; there is a sunset on the commission but there is also a review to be undertaken by COAG for consideration later this year. We anticipate that that will start in the next little while.

Senator BIRMINGHAM: There will not be any legislation, then, that would seek to address that cessation date until after the review is undertaken?

Dr Grimes: There would have to be a review and consideration.

Senator BIRMINGHAM: I think you are luckier than Mr Swan, Senator Farrell.

Senator Farrell: It did survive.

Senator BIRMINGHAM: Sorry, Dr Grimes.

Dr Grimes: I think I indicated that the review needs to be undertaken and considered by COAG at the end of this year before we get to that point. Obviously, I do not want to pre-empt any of those processes that COAG will go through.

Senator BIRMINGHAM: I want to go to some of the work of the commission recently—in particular, the *National performance report on urban water utilities*. There were some particular findings in that report, Mr Cameron, that you or others may be able to take us

through regarding, firstly, the cost of desalination, if possible, and the impact of investments in desalination on urban water prices.

Mr Cameron: Yes. The commission released in April this year its national performance reports both in relation to urban utilities and rural water service providers. That report identified that over the 2009-10 year around \$6.7 billion worth of capital investment had been paid to urban water utilities, a significant proportion of which has been expanding the range of water supply options in urban centres. Certainly, the investment in desalination plants has been a significant component of that. Urban water recycling and stormwater projects are other aspects that our water utilities are undertaking to expand their supply arrangements. It is true that those investments and the commitments under the National Water Initiative for water prices reflect the underlying costs of those projects. There have also been increases in water prices across utilities. Those prices have tended to increase at a higher rate than inflation as a result of those capital investments. The annual bills for utilities vary across the various utilities. There are a small number of utilities where water prices have decreased, but generally prices have increased, and that has been a trend over a number of years.

Senator BIRMINGHAM: Has the commission undertaken work with regard to the comparative costs of water from different sources?

Mr Cameron: The commission undertook a project a few years ago which provided information about some of the different costs of various water supplies. But obviously, as a general rule those costs are very dependent on the individual circumstances of the project—the geographic location, which influences the nature of water supply options available, the underlying energy and other investment costs. So it is very difficult to make any generalisations about the relative costs of different supply options without specific projects in analysis.

Senator BIRMINGHAM: This more recent report on urban water utilities only deals with the reality of investments that have taken place and the comparison, then, of the impacts of those investments on pricing points, rather than with options or alternatives that may have been considered?

Mr Cameron: Certainly, this report is a report which collects information about the actual performance of urban water utilities across the country. It collects data from the utilities via each of the jurisdictions. That information reflects a range of factors, including investment and pricing. The report does not itself attribute a causal relationship between individual investments and resulting price changes, although it is reasonable to identify that a significant component of price increases has been the result of significant capital investment over recent years.

Senator BIRMINGHAM: And what about the commission's understanding of the preparedness and planning of the state water utilities to deal with ongoing population growth and with meeting the urban water requirements of our cities moving into the future?

Mr Cameron: In addition to the national performance reports, the commission has released a number of other reports in recent months that have been looking at urban water related issues. Most specifically, on 7 April we issued a report entitled *Urban water in Australia: future directions*. That report was the culmination of a significant work program looking at the progress that urban water utilities have undertaken in relation to reform over

the last decade or so and looking at some of the factors that are relevant to the future. What we identified with that report is that there has been a significant program of reform. What we see in our urban water sector today is very different from what we saw 10, 15 or 20 years ago. But the period of drought and dryness that we have experienced over the last number of years has exposed, in the commission's view, a number of weaknesses in the existing institutional and regulatory arrangements. This means that we can do better in terms of setting urban water services to deliver on the challenges of the future, including the likely continuation of significant variability in rainfall and water supply, population growth and the challenges of addressing an increasing level of consumer expectations about the role that water plays not only in terms of domestic use but also in terms of providing for more liveable cities in the future.

That report made a number of recommendations primarily directed at state and territory governments and urban water utilities about how arrangements can be put in place to do better. These include identifying clearer institutional arrangements, roles and objectives and accountabilities for the various players in the urban water sector; recommitting to the pricing and institutional reforms that are components of the national water initiative and some of the predecessor arrangements; and looking at more innovative ways in which the customer and consumer voice can be more clearly heard by the urban water sector in ways that it has not been historically.

Senator BIRMINGHAM: Or if you are pricing in such measures to deal with the demand side of the equation, desalination plants, dams, stormwater capture and reuse sit on the supply side of the equation. Aside from the measures taken during the drought, what is the commission's belief in terms of the adequacy and preparedness of states now on that supply side of the equation to ensure reasonable water availability in each of our cities?

Mr Cameron: Certainly, Senator, there have been enormous amounts of capital investment and significant work that has placed most of our urban centres on a more sustainable level, at least in the short to medium term.

Senator BIRMINGHAM: Would you describe that as most efficient or best practice investment?

Mr Cameron: What I would say is that while those investments have brought many centres through the drought and through relatively close shaves in terms of our water supply, there are real questions about whether the decision-making processes which were undertaken did result in optimal arrangements. We have made a number of recommendations about how those arrangements can be made in the future to give a greater level of confidence to the community, to governments and to the utilities themselves that they are making the most efficient and appropriate decisions. That requires a greater level of transparency and a consideration of the full range of supply options being on the table.

Senator BIRMINGHAM: With the exception of perhaps our friends in the west, now that the dams are full, the desal plants are built, or close to built in some instances, and those steps have been taken, we hope we are entering a period of more reliable average rainfalls before we get to the next drought, whenever that may be. Is now the time for sensible, rational, long-term decision-making rather than rash investments in the middle of the next drought?

Mr Cameron: Senator, I think that what we said in our report and what we would say is that the report was not about applying blaming or attributing blame for the decisions that were made during the drought. Decisions had to be made at the time. Urban water supply security had to be achieved. Those decisions were made at the time. What we are saying now is exactly your point. We are at a point where, with high levels in the dams and with the sort of capital investment that has occurred, it is appropriate to question in an open way whether the arrangements that have been in place are the best arrangements that we can have in place in the future. From the commission's perspective, we have made a set of recommendations about how we believe urban water should be managed into the future. That does mean that we believe there are a range of changes to institutional and regulatory arrangements that we think should be put in place. We would hope that that generates a discussion in the sector itself as well as amongst policymakers about the best way to structure our urban water sector from now on.

Senator BIRMINGHAM: Whilst I understand that the geographical circumstances and the capacity in every city will differ, in a theoretical context the cheapest way to provide more water on the supply side of the equation is, I assume where they exist, to be able to lift dam walls or increase those types of natural supply options as against pursuing desalination, which comes into its own potentially in drought circumstances of a prolonged nature. But the treatment costs there or the treatment costs on a stormwater site as well add additional costs that do not exist to such an extent in a more natural capture environment?

Mr Cameron: Senator, I would suggest that the picture is a bit more complex than that. That is why a more considered and sophisticated approach to assessing these options is important. There will be, as you acknowledge, different geographical circumstances that might mean the options available for dams or for desalination or even for water recycling have significantly different capacities, if those options even exist. If you get too far away from coastal centres, desal is not really an option unless you are looking at groundwater supplies. Dams are obviously significantly dependent on the location and the rainfall circumstances. There are a range of factors that need to be considered. Importantly, there are also considerations about having a diversified set of supply options which give you some level of insurance, we might say, about your water supply being stable or secure and not dependent solely on rainfall. So there are a range of factors that are both economic, in terms of the considerations and the underlying cost, and geographic in terms of the physical possibilities. There is also the consideration that a community should be involved in making decisions about what level of security that they are prepared to pay for. Some communities may be prepared to pay for a higher cost source of water knowing that that is a more secure source of water.

Senator BIRMINGHAM: This is the last issue from me. In terms of recycled water options, as technology advances and the potential capacity to deliver recycled water at a cheaper standard possibly emerges, how important is it for governments to take a leadership role in that space in education and information to dispel, perhaps, some of the concerns of the community?

Mr Cameron: The commission believes that, when looking at urban supply options, all options should be on the table. That includes the options of making use of recycled water for both potable and non-potable purposes. But we also recognise that the processes of making

those sorts of decisions do need to involve the community. There is a real level of community apprehension about recycled water and some other water supply options. So it is important not only that these decisions are made in a rational and coherent way but that the community is engaged in those decision-making processes, is informed about what options are available and some of the risks and opportunities associated with it and is brought along in the process of the planning decisions for long-term supply.

Senator BIRMINGHAM: Thanks, Mr Cameron. I am sure I could go on.

Senator JOYCE: I want to move on to coal seam gas. I am very interested in the National Water Commission's position statement on coal seam gas. It also creates some concerns of my own. I want to pour through that. Can you explain why you have recommended the adoption of a precautionary approach to coal seam gas developments? I just note that you said:

To meet national water initiative objectives, the commission recommends the industry water and land use planners and governments adopt a precautionary approach to coal seam gas developments, ensuring that risks to the water resource are carefully and effectively managed.

What do you mean by a precautionary approach?

Mr Cameron: Senator, it is fair to say that the commission believes that the coal seam gas sector not only represents a great economic potential for Australia but also raises a range of significant risks for sustainable water management in the areas in which those developments are occurring. One of the key factors associated with those impacts is the limited capacity for the developers and regulators to accurately predict the sorts of impacts that coproduction of water along with the gas may have on either the groundwater systems themselves or the use or disposal of that water once it is brought to the surface. That means the commission believes that the approach in addressing coal seam gas developments needs to involve a level of precaution—about being careful, considered and conservative—about some of the potential implications that might result from the development. It also believes there should be well-structured and clearly defined accountability arrangements for managing those impacts as there is greater clarity about what they actually are over time and, in particular, managing the circumstances in which unintended or unanticipated impacts emerge.

Senator JOYCE: What can go wrong?

Mr Cameron: There are a range of issues associated with sustainable water management from the development of coal seam gas. The extraction in large quantities of low quality water has the potential to impact on connected surface water or groundwater systems. There is the potential for an impact on the environment as a result of the depressurisation of the coal seam, which might result in changes in pressure in adjacent aquifers and the potential for cross-aquifer contamination of water. There are also a range of factors associated with how coal seam producers make use of or treat and dispose of the water which is produced once it reaches the surface.

Senator JOYCE: How old would some of the water that comes to the surface be? How long ago would it have last seen daylight?

Mr Cameron: Senator, that is a question which is very difficult to answer. I have been advised that it is water that is potentially millions of years old or potentially hundreds of thousands of years old.

Senator JOYCE: So it is not a resource that has just fallen out of the sky yesterday. Do we truly understand where this water is charging from and how these aquifers are charging and how they work and how far they travel? How far does a water aquifer travel? Does it travel for hundreds of kilometres, thousands of kilometres?

Mr Cameron: Senator, it depends on the particular aquifers. Yes, it can travel for hundreds or more kilometres, if you think of the Great Artesian Basin. Water potentially moves over significant distances. In relation to these coal seams, the movement of water not only within the seams themselves but, importantly, through aquifers elsewhere in the ground really depends on the local circumstances. The water in the coal seams is essentially what is holding the gas in the coal seams so that water, I expect, would tend to be more stable.

Senator JOYCE: And that water in some areas is responsible for all the western grazing areas and the supply of towns?

Mr Cameron: The water in the coal seams does not tend to be used for those activities. But it is certainly the case that in those regions there are a range of groundwater systems that are used for stock and domestic and urban purposes.

Senator JOYCE: I should be clear. The aquifers work in multiple levels. There are multiple aquifers. They will have in some instances different names. If you are going for gas in one, you actually have to in some instances go through a range of aquifers to get there?

Mr Cameron: That is correct.

Senator JOYCE: Is there the potential for contamination between the aquifers?

Mr Cameron: Certainly the depressurisation of one aquifer has the potential to move water between aquifers where there is connectivity between them. There is a potential risk of contamination, or at least mixing of waters, between aquifers as a result of that. But they are the sorts of factors that need to be carefully considered in the development approval processes.

Senator JOYCE: Do you think governments are adopting a precautionary approach at the moment?

Mr Cameron: Senator, I think the commission believes that the existing approval arrangements do represent a level of precautionary and certainly an adaptive management approach. Our role as the National Water Commission is to be the promoter of the national water initiative itself. Our concern is that often coproduced water is managed under regulatory arrangements that are outside or inconsistent with the national water initiative itself. Our primary concern, our primary recommendation, is that decisions about project approvals should be made with management arrangements for water that are consistent with national water initiative water planning and entitlement arrangements.

Senator JOYCE: For the purposes of the *Hansard*, I will quote something from the report:

Current projections indicate the Australian coal seam gas industry could extract in the order of 7,500 gegalitres of coproduced water from groundwater systems over the next 25 years equivalent to 300 gegalitres or approximately 300 gegalitres per year. In comparison, the current total extraction from the Great Artesian Basin is 540 gegalitres per year.

You also state in there:

The water group of the department has estimated up to 45,000 gigalitres from just three coal seam gas projects.

Can you explain for me the differences in those numbers?

Mr Cameron: Senator, there are certainly a range of estimates of the amount of water which is likely to be produced by coal seam gas developments. That range can be explained by a range of factors. One is the number of projects and the extent of projects that are assumed to be likely to be developed over time. There is also a set of assumptions and predictions based on the fact that we do not have a clear capacity to forecast the actual water which will be extracted.

CHAIR: Senator Joyce, I have a couple of questions. We are out of time.

Senator JOYCE: Sure. We do not have to state the bleeding obvious. If 45,000 gigalitres were to happen, I imagine such an immense quantity could have huge ramifications.

Mr Cameron: Certainly, Senator. The development of the coal seam gas sector has significant implications for water management in the regions in which that development is likely to occur. Given the import of the issue, the commission issued the position statement.

Senator JOYCE: I want to go to hydraulic fracturing, or fracking. Can you outline your concerns about that?

Mr Cameron: Senator, hydraulic fracturing involves the drilling and insertion of a range of chemicals into the coal seam in order to extract the water. There is a risk that, in doing so, if there is cross-contamination between aquifers, those chemicals will move to other aquifers.

Senator JOYCE: Do you believe the people in the basin had a fair enough opportunity to examine this issue and to give feedback with regard to their concerns on this issue?

Mr Cameron: Senator, there are a range of opportunities for people in the basin to express their views. The commission believes that this is an issue that needs to be carefully considered by governments as they consider individual proposals. Our contribution is to express our views on those issues. We would certainly encourage a debate on them.

CHAIR: Thanks, Senator Joyce, and thanks, Mr Cameron. It is nine o'clock. We will recommence with the Department of Broadband, Communications and the Digital Economy after the break. Thank you.

Proceedings suspended from 20:59 pm to 21:15 pm

BROADBAND, COMMUNICATIONS AND THE DIGITAL ECONOMY

In Attendance

Senator Conroy, Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity

Department of Broadband, Communications and the Digital Economy

Management and Accountability

Mr Abul Rizvi, Acting Secretary

Mr Daryl Quinlivan Deputy Secretary, Infrastructure Group

Ms Nerida O'Loughlin, Deputy Secretary, Broadcasting and Digital Switchover Group

Outcome 1—Develop a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians

Program 1.1 Broadband and Communications Infrastructure

Mr Daryl Quinlivan, Deputy Secretary, Infrastructure Group

Ms Pip Spence, First Assistant Secretary, NBN Implementation Division

Mr Mark Heazlett, Assistant Secretary, NBN Implementation Division, Special Adviser

Ms Joanna Grainger, Assistant Secretary, NBN Shareholder and Policy Branch

Mr Brian Kelleher, Assistant Secretary, USO Branch

Mr Philip Mason, Assistant Secretary, NBN and Fibre-Roll-out Regulation Branch

Mr Daniel McCarthy, Assistant Secretary, NBN Shareholder and Policy Branch

Ms Elizabeth O'Shea, Assistant Secretary, NBN Shareholder and Policy Branch

Mr Rohan Buettel, Acting First Assistant Secretary, Networks Policy and Regulation Division

Mr Simon Bryant, Assistant Secretary, Australian Broadband Guarantee Branch

Mr Joseph Sheehan, Acting Assistant Secretary, Network Regulation Branch

Program 1.2 Telecommunications, Online and Postal Services

Mr Abul Rizvi, Acting Secretary

Mr Keith Besgrove, First Assistant Secretary, Digital Economy Services Division

Mr Duncan McIntyre, Assistant Secretary, Consumer Policy and Post Branch

Ms Sylvia Spaseski, Assistant Secretary, Digital Initiatives Branch

Mr Andrew Maurer, Assistant Secretary, Spectrum and Wireless Services Branch

Mr Richard Windeyer, First Assistant Secretary, Digital Economy Strategy Division

Program 1.3 Broadcasting and Digital Television

Ms Nerida O'Loughlin, Deputy Secretary Broadcasting and Digital Switchover Group

Dr Simon Pelling, First Assistant Secretary, Broadcasting and Digital Switchover Division

Corporate and Business

Mr Richard Oliver, First Assistant Secretary, Corporate and Business Division

Legal Services

Mr Don Markus, General Counsel, Legal Services Group

Finance

Mr Simon Ash, Chief Financial Officer, Chief Financial Officer Group

Australian Broadcasting Corporation

Mr Mark Scott, Managing Director

Mr David Pendleton, Chief Operating Operator

Mr Michael Millett, Director Communications

Australian Postal Corporation

Mr Jim Marshall, Acting Managing Director and Chief Executive Officer

Mr Paul Burke, Corporate Secretary

Ms Catherine Walsh, General Manager, Human Resources

Mr Steve Ousley, General Manager, Network and Transport

Mr Alex Twomey, General Manager, Communications, Stakeholder and Corporate Responsibility

Mr Russell Ramey, General Manager, Retail Sales and Service

Mr Paul Urquhart, Financial Controller

Special Broadcasting Service Corporation

Mr Shaun Brown, Managing Director

Mr Bruce Meagher, Director Strategy and Communications

Mr John Torpy, Chief Financial Officer

Australian Postal Corporation

[21:15]

CHAIR: The committee will now commence its examination of the broadband, communications and digital economy portfolio. Minister, do you have any opening statement?

Senator Conroy: No.

CHAIR: Mr Marshall?

Mr Marshall: Paul Burke is actually going to read an opening statement, Chair.

Mr Burke: It is very brief, Chair. I would just like to put on the record our managing director's regret that he is unable to be here this evening. Mr Fahour wrote to the committee in April outlining that today's hearing clashed with a commitment that he has as a director of the International Post Corporation. As our region's representative on the International Post Corporation board, Mr Fahour had already committed to attend the IPC annual general meeting and conference, which is being held in Rome this week. As well as attending the AGM and conference, he will also hold a number of important meetings with postal industry leaders from around the world. Mr Fahour would like the committee members to know, however, that he is looking forward to attending the next estimates hearing in October. Thank you.

CHAIR: Mr Burke, I will get the formalities on the record. I note that the committee has scheduled a further estimates date on 16 June to hear from the Australian Media and Communications Authority and the NBN Co.. The Senate has referred to the committee the particulars of proposed expenditure for 2011-12 for the portfolios of broadband, communications and the digital economy; climate change and energy efficiency; and sustainability, environment, water, population and communities and other related documents. The committee must report to the Senate on 21 June 2011. The committee has set Friday, 8 July 2011 as the date by which answers to questions on notice are to be returned.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly draw the attention of witnesses to an order of the Senate of 13 May

2009 specifying the process by which a claim of public interest immunity should be raised and which has been incorporated in *Hansard*.

Senator IAN MACDONALD: Mr Burke, you obviously did not listen to the chairman. You have to be truthful at these estimates. Mr Fahour said that he is looking forward to the estimates.

Senator Conroy: I will support you.

Senator IAN MACDONALD: That is not truthful. I have a couple of questions again about a situation which, for me, and for Australia Post is ongoing, and that is the Rockhampton mail centre. At the outset, again I acknowledge that Australia Post, both at its head office administration and locally, have attempted to do something. I appreciate the arrangements made for the meeting with people in the affected street and the courtesy shown by Australia Post staff. However, as would have been reported to you, Mr Burke, from that meeting, nothing has been resolved. The situation, in spite of the best attempts of Australia Post, has not been corrected. Indeed, following that, a couple of days after that meeting I got a call from Betty; her surname I will not mention. She had called this morning again regarding the Rockhampton mail centre. She said the noise had been worse since the meeting and that they had only been able to get around three hours sleep per night. She was in tears and asked whether there was anything I could do to assist. Is there anything more Australia Post can do that might address the noise situation at the Rockhampton mail centre, which is causing real sleep problems and other health challenging issues for the residents in the nearby locality?

Mr Burke: Thanks, Senator. I obviously was not at that meeting on, I think, 4 April in Rockhampton. I might ask Steve Ousley, our head of network and transport, to provide a response to you on that one. Obviously we are concerned with the impact that is having on the neighbours. As you said, it has been quite a long process. I might get Steve to just have a chat about that.

Mr Ousley: As you have acknowledged, Senator, this matter has had a reasonably long history over the past couple of years. I am grateful for your acknowledgement that we have worked hard to try to resolve the issues affecting the residents who live near the Rockhampton mail centre. In terms of recent complaints that have been brought to your attention, we have not been receiving complaints indicating an escalation of any noise. As I think you are aware, the initiatives that have been taken over the past 18 months to manage and to deal with the noise issue have been many, including redirecting vehicles, conducting vehicle checks elsewhere and minimising movements at particular times. A range of activities have been curtailed—and, in fact, activities have been moved—to try to abate the noise situation.

At the recent meeting on 4 April, there were further consultations regarding potential solutions, one of which was an offer to construct an acoustic fence to try to further reduce the intensity of the noise, but I understand that was rejected by the residents. To answer your question about the future status of this, Australia Post does not have a plan to relocate the facility, as you previously requested on behalf of your constituents. I guess the position is as it is. Whilst we accept that these residents are affected by it, Australia Post is conducting its business in accordance with the permit and in accordance with the zoning requirements.

Senator IAN MACDONALD: Hang on. Which permit and which zoning requirements?

Mr Ousley: The zoning for the property that we occupy. In the absence of any advice from the council, we have had no complaints from them.

Senator IAN MACDONALD: You and your people know that is not correct. The council have made it clear that, if they had any control over an Australian government business corporation, you would be out of there by now. They have no control over you, according to them, and that is my understanding of the law as well. So you are not in a proper zoning area and you do not have proper permits.

Mr Ousley: I think the issue there is what they said around October last year on that issue. What I am expressing is that, as we occupy properties around the country, they are consistent with the zoning requirements, as is the case with Rockhampton.

Senator IAN MACDONALD: Mr Ousley, you will get me angry. That is simply not correct. We have had councillors and officials of the council indicating that, if it were any other business operation doing the sorts of activities that Australia Post is doing there, they would have been shut down years ago.

Mr Ousley: That has not been expressed to us in those words, but I accept what they may have said at that meeting. But I did not interpret that as being within the powers that they had. The way we interpreted that was more to do with the coverage they had of a government owned enterprise.

Senator IAN MACDONALD: There is correspondence—I have not brought it with me; I have made it available to you—between you and the council going back many years. The local councillor, Councillor Williams—unfortunately, due to my inefficiencies, I have not caught up with him—contacted my office on 9 May. Councillor Williams, who represents the area, has attended the meetings. He telephoned as a courtesy to let me know that he is putting a notice of motion to the council meeting tomorrow that the permit for B-double access to the mail centre be granted, with restrictions on the times they are allowed to operate the mail centre. Due to my inefficiencies, I have not yet ascertained what happened to that motion. I suspect you have not been advised, so perhaps it has not been dealt with by the council to date. That was 9 May. The permit is apparently due for renewal on 30 June. My feel for the attitude of the council is that they will not allow you the permit to take B-doubles there. If that happens, that is going to make your operations very difficult.

Again, I appeal to the minister. I appreciate that Australia Post does not make a lot of money out of its mail operations, but what really needs to be done is for that industrial activity to be moved out of the residential area and into a more suitable site. I will encourage you by saying that the site would probably be valuable to Australia Post. Whilst you would not recoup all of your money, you would get a bit of it back. Really, something has to be done. There are at least a dozen residents who have been there forever. For others who may not be familiar with this, there was a post office on the corner. Everyone lived happily together. But, over the years, the post office shut down and the premises have been increasingly used as a major mail centre, with B-doubles, B-triples almost, coming in there at 10 pm, 2 am, 4 am and 6 am. I know you have tried to rationalise it. You did during the floods when you could not get to Rockhampton and ran the mail centre for central Queensland out of, as I understand it, an industrial estate in Gladstone. If you do not have the money to shift in Rockhampton, perhaps you should look at moving it all to Gladstone, to a more suitable area.

Mr Ousley: I am not aware of that correspondence you referred to.

Senator IAN MACDONALD: It is quite ancient.

Mr Ousley: No. I beg your pardon. There is a reference to Councillor Williams and a contemplation of removing our permit. I am not aware of that. Certainly we would deal with that as it arises and, as necessary, comply with whatever limitations council placed upon us. As to what that means in terms of working around that situation, I would have to assess that further when and if that occurs.

Senator IAN MACDONALD: It has become an issue. Regrettably, I say to the minister, the local member seems to be not representing her constituents, which is why I have become involved. These are people who have lived there all of their life. They are average Australians. They have worked all their life in the area. Many of them are now retired. It is not fair to them that they should have to put up with two hours sleep a night. Australia Post has tried. If there were a solution, I know you would implement it. But the only solution, it seems to me, is to find another premises. Again, I appeal to the minister to find some money in the budget to allow for a removal of the premises. If you cannot do something, I will start encouraging people to seek some legal redress; whilst it is a long time since I practised law, I am pretty confident that they would have an easy win if they did. As I understand it from the local councillor, council have now determined that they are going to do whatever they can to remove you.

CHAIR: Senator Macdonald, have you got any questions?

Senator IAN MACDONALD: Would Australia Post be prepared to approach the Rockhampton regional council and ask them if, as you indicated earlier, Mr Ousley, they would give you permission, even though as a Commonwealth agency you do not need it, to operate that premises in that spot? If I could get your acknowledgement or agreement to do that, I and, I think, the residents would be relatively happy because the indications are that the council would say, 'No. Move.' Would you be prepared to do that?

Mr Ousley: I would need to take advice and address that on notice, if I could. I am not equipped to respond to that right now.

Senator IAN MACDONALD: Finally, what can I tell these people who, like all of us, are entitled to six, seven or eight hours sleep a night? They have not been able to get it. You might say one or two of them are making things up or gilding the lily, so to speak, but there are so many of them with the same story. They do not want to move. That is where they have lived all their life and they were there before you. It just seems completely unfair. I ask the minister to intervene. Why should this group of people not have the right to sleep as every other Australian expects and have to get it enforced in a court of law or through council planning?

CHAIR: Senator Macdonald, you really have to come to a question. I understand your passion about this, but time is running out. I have a number of other senators I need to get to. I would really like you to come to some conclusion, if you could, please.

Senator IAN MACDONALD: Thanks, Mr Chairman. I was just drawing to my conclusion. I thought I had asked Mr Ousley if he would be prepared to do that. He has indicated that he will take it on notice. I am really saying: what else can these people do to get some justice? That is the question.

Mr Marshall: I think we go back to the fact that we have made offers of acoustic abatement. We are quite happy to follow through on those offers to relieve the noise. That is the most immediate step that Australia Post can take.

Senator IAN MACDONALD: With regard to the acoustic abatement, I was there. It is a ridiculous proposal. Those making the offer acknowledge that. Building a four-metre wall around a residential part of Rockhampton would not really solve the position anyhow because it is the trucks coming in at two o'clock. They are coming in on a street. The offer was made—I acknowledge that—but nobody there, including the person who made the offer, acknowledged that it was at all serious.

CHAIR: Senator Macdonald, you are doing a good job here, but we cannot negotiate this here at estimates.

Senator IAN MACDONALD: It is perhaps one of the most useful things you can ever do at estimates, Mr Chairman. But I realise that my colleagues have been very patient. I have a couple of questions to put on notice. I look forward to the reply. I do ask that the minister look into this and perhaps intervene with some money so you can move. Thanks, Mr Chairman.

Senator HUMPHRIES: I know at one stage Australia Post was talking about getting involved in banking services. Where does that proposal stand at the moment, if at all?

Mr Marshall: I am unaware of us getting involved in a bank as such. We are certainly interested in financial services, as we operate today in the financial services market. In the broad financial services area, we will continue to look at options of providing our outlets with that kind of business.

Senator HUMPHRIES: So there are no plans in train to develop a relationship with any particular financial institutions to pursue this?

Mr Marshall: We already have a relationship with a number of financial institutions in the form of third-party banking. We have done that for a number of years. We continue to seek to expand that business where it is possible. Russ Ramey, who runs our retail network, might want to add to that.

Mr Ramey: We are an agent on behalf of 70 financial institutions right now. It provides deposits, withdrawals and balance inquiry functionality. It is across the vast majority of our retail networks. Some 3,700 outlets provide that service right now.

Senator HUMPHRIES: So there are no plans by Australia Post to acquire an interest in or even purchase a bank at this point in time?

Mr Marshall: No. I am not aware of any such proposal.

Senator HUMPHRIES: I want to ask about a different issue. I have constituents in a shopping mall in Canberra at the Belconnen mall who have rung me to say that they have recently been notified that Australia Post will no longer deliver mail to any of the shops in the mall. The shop owners or lessees now have the choice of either purchasing a post office box in an Australia Post centre or possibly, in due course, purchasing some kind of post box arrangement constructed for the purpose in the mall itself. For both of these options they need to pay considerable amounts of money. Is it the policy of Australia Post to discontinue the delivery of mail to shops in shopping malls?

Mr Marshall: Mr Ousley might want to take that issue on.

Mr Ousley: Senator, firstly, it is not a policy to cease delivering to shopping centres and retailers within shopping centres. That is certainly not a policy of Australia Post. I am not familiar with aspects relating to the Belconnen mall in particular. But if I can take that on notice, I will certainly provide a response quickly.

Senator HUMPHRIES: So, as far as you are concerned, if a shop owner or lessee has an identifiable address, someone addresses a letter to a shopkeeper at that address and you can identify where that is, you will still deliver to such addresses?

Mr Ousley: That is correct.

Senator HUMPHRIES: Is it possible that a mall operator might say to the shop owners that they cannot have mail delivered because they do not want Australia Post employees trudging through the mall?

Mr Ousley: I have never had a situation like that brought to my attention. In fact, it is quite the opposite. Generally, Australia Post representatives delivering a product to retailers within shopping malls are welcomed and facilitated quite well.

Senator HUMPHRIES: That is great. Perhaps you can take that on notice. I am getting more information about the particular shopkeepers. If you want that information, please just get in touch with me.

Mr Ousley: Thank you.

Senator RYAN: There has been commentary lately, and I and a couple of my colleagues have been approached from Australia Post licensees, regarding some troubled relationships with Australia Post. It is fair to say, if I recall correctly from the last estimates hearing, that traditional mail delivery is in relative decline but parcel delivery has been a growth part of the business along with e-commerce?

Mr Ousley: That is correct.

Senator RYAN: Is there a set fee for licensed post offices, or franchises, for want of a better way of putting it, for, say, holding a parcel that could not be delivered? That is the case, I imagine, with many working families. When no-one is home, it goes to the post office and they get a little slip in the letterbox to go and collect it. Is there a standard fee for licensed post offices for that service?

Mr Ramey: You are right; the process is a real growth part of our business. We have a few different models for the fees that we pay to licensees for the handling of what we call carded articles—the items that you describe. We have a number of outlets to whom we pay a base rate for up to a minimum number of articles that they might handle. We have a number—this is probably the largest numbers of our outlets—that are on a negotiated fee. They see larger volumes of carded items come through, so we will negotiate a separate fee with them. Then we have over 1,000 licensees where the mail originates from their licensed post office. They are paid an overall mail management fee, which covers a range of activities—sorting mail and doing primary sorts. It also includes the fee for handling the carded articles you describe. So we have three different models with a range of payment schemes.

Senator RYAN: In that last category, you said the mail originated from the post office.

Mr Ramey: These would be primarily rural and regional licensees, where the contractor might be co-located with the licensee.

Senator RYAN: You have three categories there. I think the first one was almost like a climbing scale, was it? The more parcels you handle, the more you get paid, in the sense of per unit?

Mr Ramey: To a certain degree, yes.

Senator RYAN: Is that designed to reflect the fact that if I have more units to hold, sometimes for a week or more, that I will need more space to do so?

Mr Ramey: It could be for that, yes.

Senator RYAN: Is it true that some licensed post offices would receive less than 10 cents per item for the holding and subsequent collection of carded items?

Mr Ramey: I would not know necessarily about a specific case of anything less than 10 cents. But, to give you a sense of it, we have, in rough sort of numbers, a base rate for handling carded items on, let us say, a weekly basis of anything from one to 25 items. That is around \$380 payable to the licensee. There have been two increases to that base rate fee over the last couple of years. There was a 10 per cent increase to that amount payable in 2008 and a further nine per cent last year in 2010. So that base rate has gone up by an amount. And the total amount that we pay the licensees, including the base rate and the negotiated amounts that I described, has climbed as well. Just looking at my numbers here, over the two years leading to the last financial year, 2009-10, that increased by some 20-odd per cent. Carded items are a very important part of our business. We understand that for a number of licensees they are seeing the growth in our business, which is a real opportunity for the postage of sales side of the business. But we do have some spots where we have some capacity issues. So it is certainly on our radar to deal with carded items. There are a number of operational improvements that we are looking to make to the businesses as well.

Senator RYAN: That base rate you mentioned went up by 10 per cent in 2008 and nine per cent in 2010, if I quoted you correctly. Was that the base rate solely for carded items or was that bundled with other services?

Mr Ramey: No. That is the case where it is just the carded item.

Senator RYAN: Sure. Are you experiencing many complaints and expressions of concern from LPOs about the payment rate and the logistical issues that they are facing? My local post office is in a 19th century building. It does not have much room for expansion. There are logistical issues with the volumes they are facing. Even though that is quite a significant increase in three years—10 and nine per cent—I suppose it would depend on what their volume of carded items was. If that had gone up by more, of course, their per unit rate would have fallen.

Mr Ramey: Yes. Like I said, that is just the base rate for carded items where it is one to 25 items. As I said before, carded items are certainly a key issue for our licensed post offices. It is a key issue for their sort of key industry body, the Post Office Agents Association. We formed, in fact, a carded article form with the post office agents approximately a year ago to look at a range of operational solutions for the carded items. We have also commenced further consultation with them for further increases to the amounts that we pay for carded items.

Senator RYAN: Sure. Do you keep statistics on the number of disputes you have with licensed post offices and the resolution of those disputes?

Mr Ramey: Yes. We have a mechanism within the licensed post office agreement that is the framework for dispute handling.

Senator RYAN: I understand there are certain items that LPOs cannot sell but which corporate outlets can sell, particularly certain Express Post items. Am I correct? That has been put to me.

Mr Ramey: I would need to take that one on notice, Senator.

Senator RYAN: If you could, I would be happy for you to outline what items the corporate outlets can sell but LPOs cannot and the rationale for that distinction. That would be very helpful. I want to turn to a couple of questions on notice I asked last time that I do not think were answered. Last time—I accept Mr Fahour was here—I was told that I would be provided with the members of the Stamp Advisory Committee. But in answer to question on notice 24, I have a general description of the Stamp Advisory Committee but no list of members.

Senator Conroy: Sorry, six foot four, three foot two?

Senator RYAN: I think we can all accept that we are after their names.

Senator Conroy: So what is a general description of the members?

Senator RYAN: The general description is of the role of the Stamp Advisory Committee and an outline of some of their backgrounds and its primary role.

Senator Conroy: Perhaps you need to be more specific in your question.

Senator RYAN: I was actually after the names of the Stamp Advisory Committee members.

Senator Conroy: You obviously did not quite get that clear enough.

Senator RYAN: I thought I was being as clear as I was, just like it is in the transcript. I do not know how Australia Post could have missed it. I even have it highlighted.

Senator ABETZ: I think you need more than the NBN to get the message through.

CHAIR: Senator Ryan, do not ask what high school they went to. You will get into trouble. Take it from me.

Mr Burke: Senator, we will provide information on the members of the Stamp Advisory Committee.

Senator RYAN: When we were talking about the most recent Australian Legends series, I was also told by Mr Walter, I think, about the proposal for this. I will quote from the *Hansard*:

It went to a number of women's groups. I cannot name them, but I can take it on notice. It goes to a number of prominent Australians as well.

I was also quoted as saying that there had been wide consultation. I was told I would be provided with an answer about who was consulted and how that consultation was undertaken. In the answer, I have been told that in the consultation for this year's Living Legends series, and I quote:

The Office of Women was the area expert principally consulted during the selection process.

I do not consider that to be what Mr Fahour indicated that he would provide me.

Mr Burke: Senator, the answer that was provided was on the basis of who was consulted for the Living Legends series.

Senator RYAN: 'We have put in place expert people who have gone and consulted widely.' That is one quote from Mr Fahour. He also said:

We will come back to you with who they consulted and how they did.

I wonder whether I should read anything into:

The Office of Women was the area expert principally consulted during the selection process.

Was anyone else consulted?

Mr Burke: Senator, I will clarify. Mr Walter made that comment.

Senator RYAN: Sorry, the first one? Yes, you are quite right.

Mr Burke: Again, I can—

Senator RYAN: Actually, no, it was Mr Fahour.

Mr Burke: My *Hansard* copy indicates it was Mr Walter. Regardless of that, we can clarify for you if anybody else apart from the Office of Women was consulted on that theme.

Senator RYAN: I am actually interested in who was consulted. Mr Fahour also outlined that the decision was made by the board on a recommendation taken by the managing director. The answer we have not had, which was discussed last time, was who chose the decade of the 1970s as the theme for this year's Australian Legends series. I have not got an answer to that question. This is an historic stamp series. I went and bought the book, as suggested by Mr Fahour, and looked for the wide balance that I was told would be there. I found it in half a dozen words in 8-point and 12-point font. What I want to know is who chose the 1970s as the theme for this year's Australian Legends series. I have not had an answer to that question. Can that be provided? Where in the company or outside the company did it originate to choose that as the theme for this year's Australian Legends series? Is it possible to provide that?

Mr Burke: Senator, obviously the decision to make anybody a living legend in terms of the Australia Post annual release is a very important decision and one where a lot of experience and circumstances are taken into account. But I will try and get that information for you.

Senator RYAN: I understand. It comes from the managing director to the board. But obviously the managing director made it pretty clear that he did not sit down and do this himself.

Mr Burke: There was a recommendation, Senator, from a philatelic group that would have obviously gone up to Mr Fahour.

Senator RYAN: And that is the group that the Stamp Advisory Committee is part of?

Mr Burke: The philatelic group is a group within the Australia Post business who are obviously the experts in the philatelic.

Senator RYAN: I will make it clear this time. What I would like to know is: who originated the idea for the 1970s? We had that discussion last time. I am not going to waste the time of the committee doing it again. Who outside Australia Post was consulted, be they

historians, academics, journalists, the minister's office or otherwise? Could I have that information, please?

Mr Burke: Yes, Senator.

Senator ABETZ: How many senators have questions they wish to ask?

CHAIR: We have you, Senator Abetz, Senator Wortley and Senator Birmingham.

Senator ABETZ: I will try to get them over as quickly as I can. I have short questions. Hopefully there will be short answers. How many franchise operations has Australia Post got at the moment? Is it 26?

Mr Ramey: It is 29, I believe, at the moment.

Senator ABETZ: You were going to grow at one stage, were you not, to about 150? Is that right?

Mr Ramey: I do not recall the exact number.

Senator ABETZ: Well, are we growing the franchise business or trying to close it down?

Mr Ramey: We are reviewing the range of models that we have. We are looking at the franchise model. So that is currently under review.

Senator ABETZ: A number of people were enticed to invest in the franchise model because Australia Post made certain representations, as I understand it, including that it might grow to 150 outlets and that there would be a corporate structure to support them. Now we have only what I thought was 26 but what you say is 29. I accept that figure. Clearly, it is far, far short of that figure of 150. Of course, therefore, you do not have the critical mass for proper corporate support for these lonesome franchisees, some of whom have invested money and life savings to engage in it.

Mr Ramey: We continue to support the franchisees. We have a similar network support structure in place. So they each have a network manager that is available and on tap to support them.

Senator ABETZ: But I think we might be agreed that if you had a network of 150 franchises, the strength of the support, chances are, would be a lot greater than when you are operating with a franchise network of only 29.

Mr Ramey: Well, we have an outsource channel, including franchises and LPOs, of around 2,900.

Senator ABETZ: No. I am only talking franchises.

Mr Ramey: The infrastructure that we have in place supports both the franchises that we are talking about and the LPOs.

Senator ABETZ: Again, I might put further questions on notice. In relation to Australian Air Express, which I understand is a joint venture between Australia Post and Qantas, have there been some wage negotiations in relatively recent times, as in November last year?

Mr Marshall: Yes, there have been. I am not exactly sure of what month.

Senator ABETZ: Have these negotiations been finalised with a three-year deal?

Mr Marshall: Yes. I understand they have.

Senator ABETZ: Are you able to disclose to us the size of the increase over the three years?

Mr Marshall: I would have to take the details of that on notice.

Senator ABETZ: If you could. It has been put to me that it is an increase in the range from 14 to 21 per cent, which is going to have a significant impact in the private sector. The private sector has put it to me, in effect, that at least a partly government-owned enterprise engaging in these sorts of activities has flow-on effects, potentially, for the private sector. If my figure of 14 to 21 per cent is wrong, then of course my question about corporate responsibility goes out the window. So how about you give us the figure on notice. Then, once we have that figure, we can have a further discussion.

Mr Marshall: I do not believe that those numbers are the nature of the settlement. But let me take that on notice.

Senator ABETZ: Time is very short. Let me go to my home state. I read in the Launceston *Examiner* of Wednesday, 27 April that there are discussions with Australia Post about opening a facility again at the old Launceston post office building. Does anybody know anything about that? If not, take it on notice.

Mr Ramey: We can take that on notice.

Senator ABETZ: Thank you. I want to talk about restrictions on parcels to the United States and \$9 surcharges for packages over, of all things, 453 grams, as I understand it.

Mr Marshall: That is correct.

Senator ABETZ: First of all, why 453? Why not 450? It captured my imagination, I must say.

Mr Ousley: I will perhaps deal with it.

Senator ABETZ: But not too long an answer.

Mr Ousley: It is 453 grams, and, given that the Americans still operate under the imperial system, that is one pound.

Senator ABETZ: Thank you. There is a perfect explanation for it. What about the details of the security arrangements?

Mr Ousley: That threshold has actually recently changed. There was a further announcement from the TSA in the United States in March, which upgraded that threshold to 500 grams. So they have now aligned—

Senator ABETZ: They have gone to the metric.

Mr Ousley: More to the metric scale, which helps us. The surcharge itself covers—

Senator ABETZ: Has that gone up?

Mr Ousley: No. The surcharge has remained at \$9 and it only applies now to parcels over 500 grams. It is in order to recover the costs that Australia Post and, indeed, other companies would be incurring by having to individually X-ray those parcels prior to dispatch.

Senator ABETZ: So this is a requirement by the United States?

Mr Ousley: Correct.

Senator ABETZ: That you therefore have to implement to get the post through?

Mr Ousley: Correct. Each parcel has to be scanned at an item level. It is a bit like airline security when we check in. It has to go on a conveyor belt through an X-ray machine. It has to be certified as safe. And the cost of doing that both through the agency that screens them and the handling of that is the reason for the \$9 surcharge.

Senator ABETZ: And that is a fee charged in Australia?

Mr Ousley: Correct.

Senator ABETZ: And Australia Post gets that?

Mr Ousley: Correct.

Senator ABETZ: So the value of the Australian dollar and mail to the United States does not come into play in this equation, does it?

Mr Ousley: Well, in the year to date since the requirements were introduced by the TSA, we have incurred additional costs of around \$750,000. But we have only recovered, through the application of the surcharge, around \$650,000. So we are slightly falling short.

Senator ABETZ: But that is not related to the value of the Australian dollar to the United States dollar?

Mr Ousley: No.

Senator ABETZ: I might put some more questions on that topic on notice. Are you able to tell us how many adverse actions Australia Post is currently facing under industrial legislation? Do you have it handy?

Ms Walsh: No, sorry.

Senator ABETZ: If you do not, take it on notice.

Ms Walsh: I will take that on notice.

Senator ABETZ: Very quickly, how many has it dealt with? How many have been settled and at what cost, both by way of settlement costs and legal costs? Take that on notice, please.

Ms Walsh: Yes. I will take those on notice.

Senator ABETZ: Is Australia Post in discussions with the AFL about some partnership deal?

Mr Twomey: We have had a longstanding relationship with the AFL and have been discussing a variety of possible partnerships over about a year. But we do not actually—

Senator Conroy: I am on the public record. Let me declare that no Australia Post money will be used to sponsor the Carlton Football Club in any way, shape or form, no matter how perverted an attempt you make. The managing director absolutely knows that. Let me reiterate this.

Senator ABETZ: And can we take it that the 1970s legends would not include any Collingwood football players? That is just to square it up for the minister. Geelong would be allowed, of course.

Mr Twomey: I should say that we have been in discussions with them. But I think you might be referring to a newspaper article that ran recently. There is no formal or actual proposal that is on the table between us at this stage. It has purely been discussions.

Senator ABETZ: But there are discussions?

Mr Twomey: There have been discussions about how we could potentially work together, but we have not actually come up with anything at the moment that is anywhere near an actual proposal.

Senator ABETZ: There was a suggestion in that article about who might be a beneficiary of such a deal. That is not part and parcel of the discussion?

Mr Twomey: We have rejected completely what the *Age* was suggesting. We were unaware at the time. This had been going on for 12 months, well before anything around that even occurred.

Senator ABETZ: That is why I have not mentioned a name.

Mr Twomey: I appreciate that.

Senator ABETZ: I do appreciate that. What can you tell us about carded parcels? I understand that has been happening more and more over the past seven or so years. A lot of parcels are being delivered in this way. They are left at local post offices for collection.

Mr Ramey: It is growing for us. Parcels are delivered when the residents are not home. Oftentimes those items will then be carted back to the post office for the person to pick up. That is correct.

Senator ABETZ: So the local post office gets no benefit out of that, does it, financially?

Mr Ramey: There is a range of payment mechanisms to licensed post offices, if that is what you are referring to, where they are paid fees through different mechanisms for handling those carded items.

Senator ABETZ: They are?

Mr Ramey: Yes.

Senator ABETZ: Thank you. I understand you are undertaking a trial with St Leonards and Belconnen. Is that correct?

Mr Ramey: Are you talking about—

Senator ABETZ: Parcel trials for local corporates, yes.

Mr Ramey: Yes, that is correct. We have a trial in St Leonards. We have a range of trials going on. That is an example of one of them.

Senator ABETZ: When did the trials start? If you do not know, take it on notice. When do you anticipate the trial will finish so that you can share your—a terrible word—learnings from the exercise? You can take that on notice as well. Are you able to share with us what you have learnt so far?

Mr Ousley: Very briefly, Senator, I can share with you the St Leonards trial in particular, involving the suburbs of Artarmon, St Leonards, North Sydney, Crows Nest and Chatswood et cetera. Where those parcels would have otherwise been carded to a corporate or licensed post office in those areas, they have been centrally located at the St Leonards delivery centre in Herbert Street. The response from customers to that offering where they have after-hours collection available to them and seven days a week collection during this period has been very successful. More than 80 per cent of those customers have expressed a great deal of satisfaction with that arrangement. It is obviously a more convenient option for families where both parents are working and are not available to collect during the traditional post

office opening hours. The extended hours up to 9.00 pm and including Saturday and Sunday provide a lot of flexibility for those people. So far, the early indications are that it is strongly supported.

Senator ABETZ: And are you consulting with POOAL in relation to ways and means to properly address the significant growth in parcel business?

Mr Ramey: Yes, we are. This is a very, very important issue for our licensees. We absolutely recognise that. We are consulting with POOAL across a range of operational topics. This is one of them that Steve has just mentioned. We have also commenced some discussions about a review of the rates that we pay for the handling of carded items.

Senator ABETZ: Thank you. I understand that you are allocating handheld scanners to LPOs to help them process carded parcels. Is that correct?

Mr Ramey: That is correct. All licensees would have a scanner as part of their point of sale system. But we also found that it is important for all of our outlets that have a high volume of articles to have a handheld scanner that can be used away from the counter. We have approximately 190 LPOs that have a handheld scanner at the moment. We are rolling out a further just over 100 scanners over the next two to three months to our licensees.

Senator ABETZ: And with this rollout, priority is given to those that handle the most parcels?

Mr Ramey: That is correct.

Senator ABETZ: Thank you. I have a number of other questions that I will put on notice. In the last two years, has Australia Post received any written complaints from licensees regarding harassment or bullying by Australia Post staff?

Ms Walsh: Senator, the only perhaps partial answer to that question is through our whistleblower hotline. So, again, I would probably say that they are not written complaints. But there is a hotline that, indeed, any person can call if they have a complaint or concern about bullying or harassment at Australia Post. Licensees have used that service.

Senator ABETZ: They can ring the hotline. Have you received any written complaints?

Ms Walsh: Not that I am aware, Senator.

Senator ABETZ: If you could just check up—

Ms Walsh: We will take that on notice, Senator.

Senator ABETZ: and confirm for me, I would be obliged. Are you satisfied with the whistleblower policies that you do have in place at the moment?

Ms Walsh: Senator, we are satisfied with our whistleblower policy. The fact is that it is run by a third party organisation, it can be used anonymously if required and complaints that go to that hotline are dealt with through the appropriate measures. To that end, I think it provides a very fair service to not only our licensees but, indeed, all employees and members of the public as well.

Senator ABETZ: I have one last question or bracket. It relates to eBay sellers and the cobranded satchels that I understand are made available as prepaid satchels. In what other countries has eBay launched cobranded mailing products with a local national postal operator? Are you aware of that?

Mr Ousley: I am not aware of that, Senator. But we can take that on notice.

Senator ABETZ: I dare say the others will as well. In fairness to colleagues, I should wind up. Thank you, Chair, and thank you to the officials.

Senator WORTLEY: I would like to take up a few points that you raised in previous budget estimates. The one that we spoke about last time was Australia Post's business transformation project, the Future Ready program. Is that one year now into a five-year Future Ready program?

Mr Marshall: Yes, Senator, we are.

Senator WORTLEY: Can you tell the committee how that is tracking?

Mr Marshall: Senator, as you said, we are one year into the program. We have worked towards the objectives that we set at the start, they being the restoration of a self-sustaining letter business; growing our parcel and e-commerce business; and building our trusted multichannel service office in financial services, identity and communications. So what the business has been focussing on over the last 12 months is executing those strategies by implementing a wide range of initiatives across the enterprise, including the continued round sequencing and optimisation program in our future delivery design project; enhancing our mail marketing capabilities to grow promotion mail; deepening our relationship with marketplace operators like eBay; and driving growth through things like the cobranded satchel that was just mentioned; launching a parcel delivery convenience pilot for customer pick-up—that was just talked about a minute ago as well—and testing new service delivery models in retail outlets such as self-service terminals, 24-hour areas and in-store formats. We are on track to deliver our targeted financial outcomes for this year. We expect to see a growth in our business as we go forward in the coming year. We also have been working on a couple of enabling programs, they being our corporate services efficiency and quality program, which is an enterprise wide program focussed on strategic sourcing; process excellence; our IT and real estate areas; as well as embedding across the business our execution disciplines. The second of those is our people and engagement program, which is a program that builds on the accountability focussed initiatives that we embarked on a year ago, including our program on safety, our future skills program, future leaders program, and our enterprise sales and marketing capability building program, all of which will be supported by enterprise wide communications and tracking through our staff attitude survey pulse checks.

Senator WORTLEY: Mr Marshall, if I recall correctly, you also had an application that was for bill paying.

Mr Marshall: Sorry, Senator, I cannot hear you.

Senator WORTLEY: There was a new application for bill paying that we discussed last time.

Mr Ramey: I think that was a reference to the iPhone application.

Senator WORTLEY: Yes.

Mr Ramey: That is correct.

Senator WORTLEY: And how is that going?

Mr Twomey: We have expanded that application to be also available on Android platform phones. We are happy to say that, almost a year on, we are still ranked in the top five apps on

the iTunes store in Australia under the business section. It has been an enormous success, probably bigger than we had ever even hoped. It shows the real appetite the public still has for not only paying bills through Australia Post but also parcel tracking and locating post offices. We will be looking to expand the services that we offer through that iPhone app and that Android app in the near future. So we could not be more pleased with the way the public has engaged us on that application.

Senator WORTLEY: Thank you. Ms Walsh, I want to go back to the issue of workplace injuries. It is something that we have been following for a number of years. Have the workplace occupational health and safety agreements been renegotiated? I think that was part of the agreement function.

Ms Walsh: Thank you, Senator, for that question. As part of our fair work agreement, which we negotiated with the CPU and the CPSU last year, it was agreed that we needed to review and renew the occupational health and safety agreement that we had had with our employees and their representatives over several years. It was around 10 years old. On that basis, we agreed as part of the fair work agreement that the parties needed to continue discussions and seek to renew that agreement as well. That process has started. We have started those negotiations and a draft has been provided to our colleagues in the CPU at this stage. We look forward to continuing those negotiations and finalising that agreement, because obviously to achieve the safety goals that we have, which are to continue to improve safety outcomes for our employees, it is important that we engage with their representatives to make sure we are all selling and telling the same story around safety.

Senator WORTLEY: Is it correct to say that the situation with the facility nominated doctors has been resolved?

Ms Walsh: Correct. So, again, as part of the fair work agreement that we negotiated with the unions, it was agreed that we would enter into a new arrangement around the use of facility nominated doctors and, again, come to an agreement around when and how they would be used. The priority would be on our employees being given the opportunity and the choice in the first instance as to which doctor they saw, including going to their own doctor. In some cases, some appreciate going to the facility and nominating a doctor because it is a free service. So it is up to the employee as to which one of those they access now.

Senator WORTLEY: So what has been the response from the employees in relation to that?

Ms Walsh: Senator, hopefully at the next Senate estimates I will be able to give you more details. We are still continuing to work with the union around the detail that sits behind it. We are looking to launch it formally on 18 July. Since the agreement has been in place, we have been following the program that I just outlined to you. But we are looking to put all of the policy documentation and the materials that sit behind it. We have been continuing to work with the unions around how that will look and work on the documentation that supports it. That has been finalised with them. We are looking to launch that tomorrow.

Senator WORTLEY: Can I just do one more question on workplace safety?

CHAIR: Go on.

Senator WORTLEY: Do you want to continue with this particular area?

CHAIR: Yes. Workplace safety?

Senator WORTLEY: Yes.

CHAIR: It is just a matter of time. You go ahead.

Senator WORTLEY: I have just one last one. What can you tell me about the situation where a decision was made that team leaders would be performing maintenance on motorbikes, postie bikes, in Western Australia?

Ms Walsh: I would need to take that on notice.

Mr Ousley: We will certainly take it on notice. I am responsible for that area of the business. Other than the daily bike checks that are performed by both the PDOs and the team leaders, maintenance, and other than very minor adjustments like putting a new light bulb in or something, it is done by a professional mechanic.

Senator WORTLEY: What about adjusting or changing chains and brakes on Australia Post motorcycles?

Mr Ousley: That would normally be done by an authorised mechanic. But, if there is a question on notice that I can formally respond to, I would be happy to do so.

Senator WORTLEY: I would like to have that on notice. Thank you.

CHAIR: We are out of time. I have a question for you to take on notice. It has just been drawn to my attention that there was a contractor killed at the Palmerston delivery centre in the Northern Territory. When Comcare did an inspection, six of the bikes were found to be unroadworthy and unsafe. Have you put in any additional checks on the roadworthiness of postal bikes since that? If not, why not? What was the outcome of the court action?

Mr Ousley: I will address the part of the question about the composition of safety checks, which were in place before that unfortunate accident. The process has been vigorously reinitiated, not just because of that unfortunate incident but in a more general sense, over the past few years. I can assure senators that Australia Post places a great deal of importance on, and expects mandatory compliance by, all of our people performing the appropriate safety checks daily to make sure that those motorcycles, in the case of PDOs, are roadworthy and safe.

CHAIR: Thank you.

Ms Walsh: I will just respond to the question around Palmerston. It has been to the Federal Court under a prosecution through Comcare. That case has been finalised. The finding was that, as Mr Ousley said, the unfortunate tragic incident was seen as isolated. But Australia Post has received a fine. The matter has now been concluded.

CHAIR: How much was the fine?

Ms Walsh: It was a \$95,000 fine.

CHAIR: Thanks very much. That concludes the questioning of Australia Post. I thank the officers for their attendance.

Special Broadcasting Service Corporation

[22.18]

CHAIR: I now call officers from the Special Broadcasting Service. Mr Brown, would you like to make an opening statement?

Mr Brown: Yes, I would. I will make just a brief one. I record that this is my last appearance before Senate estimates representing SBS. I retire in July. I have been at SBS for eight years, almost six of those as managing director. I would just like to reflect that it is a time of great change for not only SBS but also the broadcasting industry generally. I think everyone knows there are even greater changes lying ahead. I would like to record that it has been a personal and professional privilege for me to serve at the helm of SBS, a service that is truly unique in the world. The foresight and courage shown by its political founders on both sides of parliament, in my view, has been fully justified by the contribution SBS has made and continues to make towards social inclusion and multicultural harmony. I am conscious that SBS continues to enjoy bipartisan support. I would like to thank this committee for the interest and concern it has always shown in the future of SBS.

When I arrived at SBS, in my very first public speech I chose my words carefully in stating that I did not intend to be a passive custodian of the organisation. I think partly I was indicating a personal preference for leadership. But I was really also stating that public broadcasting cannot meet its obligations or even survive unless it abandons an over-reverence of the past in favour of an active and sustained journey of change. I believe that on my watch SBS has committed to positive change and a more dynamic and vigorous future. As evidence of that, I would identify the significant improvements in the scale, quality and courage of Australian storytelling with series such as *Remote Area Nurse*, *The Circuit*, *East West 101*, *First Australians*, *Immigration Nation* and next month *Go Back to Where you Came From*, a provocative but ultimately rewarding series that I urge all Australians to watch.

Our language services are also poised for profound change. Last year, we launched a pilot virtual community centre for the Chinese community which supplements their analog radio service with a significant online and on-demand offering and a weekly television current affairs program in Mandarin. This initiative speaks to our conviction that SBS must find more ways to reach language communities with news and information about their Australian experience rather than simply act as a conduit for services from their home country.

In the sporting arena, SBS continues to stand up for the right of all Australians to have access to sports of national significance. Twice we have stepped in to preserve free-to-air coverage of the Ashes, and through our endeavours coverage of the FIFA World Cup and the Tour de France will remain free to all Australians for some years to come.

Elsewhere we have launched SBS TWO and expanded our multilingual offering. We have grown and strengthened our news and current affairs service and established a vital online service. In the last year, we have built a successful subscription television service with our world movies and studio channels.

Our ability to achieve all this has in large part come from the additional revenue we secured through placing advertising in programs. I acknowledge it was not a universally popular move but, when I reflect on what it made possible, I have no regrets about that decision. But I should offer a word of caution here. SBS cannot continue to rely on this modest revenue stream to sustain its current services, let alone keep pace with demand and opportunity that digital delivery provides. The emergence of commercial multichannels and, with it, a greatly expanded reservoir of commercial inventory is starting to adversely impact our revenue forecasts.

One final thought is that I have seen it suggested that SBS's job is done: that the migrants it served in its early days are firmly integrated and multiculturalism is in good health and no longer needs SBS support. I believe the reverse is true. There are now twice as many Australians who speak a language other than English as when SBS was created. What is more, the diversity, range and needs of communities today is far more complex and poses far more complex challenges than was the case back in 1975. There is a greater need, in my view, for SBS today than at any time in its history. Thank you.

CHAIR: Thanks, Mr Brown. You have made the most of your opening statement.

Senator FISHER: And why not?

Senator LUDLAM: Mr Brown, I owe you a significant apology for not being able to attend the last time you sat in front of us. I am very glad to be here this evening. I would like to start with something that I am not sure whether you mentioned in your initial remarks or not, which is your online service. There is a huge amount of material online there. It is very well presented. I think it is a great service that has changed quite significantly in the last little while. What can you tell us about the traffic that you get and what it tells you about your user base?

Mr Brown: I will probably take on notice the specifics in terms of unique browsers, although we have been consistently averaging a million in recent months, and that is a marked increase. We are now targeting two million. But I think in general what it demonstrates is the beginning of a change in audience behaviour towards an on-demand model. I think most of us in the industry have been aware that that is coming. Virtually all of our programming is now available on catch-up. That is getting significant use. We would expect that to expand.

Senator LUDLAM: But the minister sitting next to you is busy rolling out a network that guarantees that is going to expand. What are your plans as the NBN becomes ubiquitous? I guess that, within your three- or four-year budget forecasts, you are going to get a lot of traffic and people are going to be demanding a lot of data. What are your plans for the online presentation of your programming?

Mr Brown: I think you can expect that it will form one of the considerations in our triennial funding proposals, which come forward later this year. It has been a theme, to one degree or another, I think in the last three triennium bids. So we would be seeking to ensure that our online service is properly funded. I think you know it is an area that has never received any funding. It is one of the areas that exist as a consequence of the commercial activities that SBS has undertaken.

Senator LUDLAM: Do not get me started on those so early in the evening. You said that you are noticing the existence of the commercial multichannels is already a threat. I would like to draw you out a little more on why that is the case. How are you going to compete? If you are having difficulty competing with the commercial multichannels already with the expansion in digital broadcasting, how are you planning on competing or even existing at all when you are competing with the rest of the planet for people's attention span?

Mr Brown: Maybe I will deal with the first part.

Senator LUDLAM: Deal with the easy one first.

Mr Brown: The challenge that we face, I think, is that it has happened quite quickly. The emergence of the six multichannels now from the commercial networks has, of course,

multiplied by 200 per cent the volume of commercial inventories in the market. So the position of SBS as being potentially an important part of any mix of media buying has been eroded by that. A consequence of this dramatic additional supply of commercial inventory is that prices are heavily discounted. That impacts SBS as well.

Senator LUDLAM: You mean advertising prices? What you can sell advertising time for?

Mr Brown: That is the discounting of those rate card prices. That is an inevitable consequence of additional supply. Furthermore, it is difficult, in answer to you, to know what you do to respond to that challenge, because SBS operates its commercial agenda as a secondary function; its primary function is to deliver the charter. So we cannot pursue a commercial agenda in the same way that commercial broadcasters can. SBS has no intention of doing that. It tries to monetise the audience that it attains by virtue of pursuing its charter, so you cannot turn that equation on its head and simply pursue the dollars.

Senator LUDLAM: Have you noticed a hit on your advertising revenues or have you had to change the way that you brand the station or the way that you promote the station to advertisers already as a result of the existence of the new multichannels?

Mr Brown: We have noticed a hit on our revenue. We will be forecasting. We take to the board a budget for next year in a few weeks. That will be forecasting commercial revenue below the levels that we had built into our five-year plan. In terms of how we adjust our performance, yes, we are constantly seeking ways in which we can improve internal processes to make it easier for clients to place ads with us. But, once again, there is a limit to how one can and should respond to that challenge. The fact is that SBS is both a multicultural and multilingual broadcaster. Advertisers do not find multilingual content as attractive as, say, what is on offer in the commercial sector. But that should in no way dissuade us from being committed to running a full range of multilingual services.

Senator LUDLAM: So you are caught in something of a tight spot, then, because your options would appear to be to just face eroding revenues; to increase the amount of airtime that you are offering up to advertisers, which dilutes its value; or to go back to the Commonwealth government in your third triennial funding round seeking a substantial increase. What strategies do you intend to pursue given that you have identified this as a threat?

Mr Brown: The first one you have identified—additional commercial inventory requiring a change in legislation—SBS has not sought. Indeed, my initial view on that would be that it would not be particularly helpful anyway, because, if there is this massive additional supply, simply adding to it is not really going to shift the needle in our favour. But, as I said earlier, the whole funding situation that SBS faces will be a matter for the board and the new managing director to work their way through and use as part of their case to submit to government.

Senator LUDLAM: Would you be able to make an estimate for us—just within an order of magnitude, I guess—of how far your revenues have come off compared with what you what you are estimating?

Mr Brown: I think that, when I last spoke to you, you asked me a question about what would happen if we moved our advertising from within programs to between programs.

Senator LUDLAM: Can I ask you about that again.

Mr Brown: I think I talked to you about expectations of around \$60 million, and said that that would shrink to about \$20 million—I think that is correct. I would say that now our estimates are that that would be \$50 million in the current situation.

Senator LUDLAM: A \$50 million shortfall?

Mr Brown: No, a \$50 million revenue.

Senator Conroy: \$60 million down to \$50 million.

Mr Brown: Yes, \$60 million down to \$50 million. I would also say that the \$20 million which I calculated as being possibly obtained between programs would now, in my view, be more like \$10 million. I think that, with the supply of all this additional inventory and the opportunities for advertisers elsewhere, I can see no way in which we will be able to secure any meaningful advertising between programs. So that is about a \$10 million reduction, roughly, against when we talked last time.

Senator LUDLAM: Since you mention it, I just want to dwell on that very briefly—I think it was last October I asked this. You calculated an estimated \$36 million shortfall if you removed the in-program advertising in the current financial year and backed it off into the top of the hour or the half-hour. I am interested to know what kinds of assumptions you used and whether you would care to explain for us what assumptions and what evidence you could provide to support that figure, because it is substantial.

Mr Brown: The new numbers that I have given you are not the result of a specific analysis in this area. As to the assumptions that are made, the first number is a calculation on what our revenue is currently expected to be, and the germane number is what it might be if we had ads between programs. I think that, when I talked to you about \$20 million being a possible base, that reflected the fact that when we moved ads to inside programs we were receiving about \$26 million or \$27 million, and both our view and the view of the external consultants who did some work for us was that that would be an amount of money that would gradually diminish because the advertising industry had no appetite for that particular model.

I am now saying to you, when I adjust that number down to \$10 million, that my observation would be that there is even less appetite for that now and that some of the tension that exists for SBS in the market is that it is a highly commoditised market now, and the idea of having a premium because you are in a good environment or are associated with a distinctive programme is very hard, if not impossible, to secure now. Most of the buying is done on a highly computerised model operated by quite junior people who are making decisions on where to place ads simply on the basis of what the numbers tell them, and our numbers between programs would be appalling.

Senator LUDLAM: I do not want to lag here too long, but are you able to table any kind of methodology or the basis on which those were arrived at? I am not disputing them; I am just wondering if you could provide that for us.

Mr Brown: Certainly.

Senator LUDLAM: What proportion of advertising funding do you receive from the government itself? Does the Commonwealth government or do any state governments run advertising on SBS and provide any fraction of your revenue stream?

Mr Brown: They do place advertising on SBS. I would have to take notice what current commitments there are in that area.

Senator LUDLAM: I would greatly appreciate that. That might be a way for SBS's funding to lift—if the fraction were shifted. I wonder, Minister, if I could ask you if that is something you have contemplated before? I know this is a whole-of-government question and I will get referred off to all sorts of other ministers and so on. But that is one way, without increasing the total spend of the Commonwealth budget, that advertising purchasing could be shifted across to this public broadcaster and perhaps even to community broadcasters. Could I ask if you could take on notice whether that has been contemplated or whether that might be a great idea.

Senator Conroy: I am happy to take that on notice.

Senator BIRMINGHAM: Do the Greens advertise on SBS?

Senator LUDLAM: I think we do. I think we have done. We will look at shifting a greater fraction of our—anyway—can you tell us the—

Senator Conroy: What is dot.com to advertising regularly?

Senator LUDLAM: I will move on. Can you tell us where we can find average—

Senator Conroy: That was the largest political donation—individual—in history, wasn't it?

Senator LUDLAM: Chair, can you bring the minister into line?

CHAIR: Senator Ludlam, he has been very sedate. You should just ignore them because it will not get any better.

Senator LUDLAM: It only encourages him. I am interested Mr Brown in where I can find accurate data on your viewing audience, the size of it, how much you know about it and whether it is going up, down or sideways over the last couple of years.

Mr Brown: That data is public. Primarily we deal in 'share'; although we deal in absolute numbers as well. Our share is currently tracking at around 5.7 or 5.8, which is very much in line with our target and our previous performance, when you remove special events. To equalise it, we take out events like the World Cup, which is once every four years, so that we have a more common targeting of audience.

Senator LUDLAM: Can you point me to where I can find an accurate summary of your audience. Is it published in your annual report? Is it that easy?

Mr Brown: Yes. It is in our annual report on an annual basis. Many newspapers carry the same data from OzTAM on a weekly basis.

Senator BIRMINGHAM: In the media section of the newspaper that the minister dare not mention.

Senator LUDLAM: I was not going to go there either. The last thing I want to do is pick you up on one of the things you mentioned in your opening comments, which is whether or not SBS's job is done. In an age when someone speaking English as a second or third language here in Australia can just pipe in satellite television from home, nearly anywhere in the world—

Senator Conroy: Exactly.

Senator LUDLAM: Would you care to give us your thoughts on the role of a local ethnic broadcaster here in Australia?

Mr Brown: I think that was the point I was trying to make. In a world where access to home country services is greatly enhanced and freely available, the position that SBS rightly adopts is that it should reflect the Australian experience. Our charter requires us to inform, educate and entertain and in so doing reflect Australia's multicultural society. It does it in two ways. It talks to all Australians about multicultural Australia—and most of those programs that I mentioned to you were programs targeted at all Australians but spoke about multicultural experience. The second tranche of work is to provide services specifically for ethnic and language communities, and that part of the charter which requires us to contribute to the communication needs of ethnic and Indigenous audiences is served by that. I do not believe that we are discharging our responsibilities by simply relaying content from overseas. In fact, I think the reverse is the case: the emergence of what you might term 'digital ghettos', where communities, although living in Australia, are trapped, possibly by choice, into a diet of media content that is sourced entirely from their home country. That is not, in my view, contributing to social inclusion, cohesion and harmony. I know that in particular communities there are significant challenges in persuading some audiences to forsake that service in favour of accessing Australia's mainstream media. We are a means of doing that, a useful stepping stone into that experience. When I say this I think I also speak on behalf of many community leaders who hold similar concerns about this. You will recall that we did some research some time ago on this issue, on how at times of stress communities reverted to home country news. The Hindi-speaking population, during the time of attacks on students, got most of their information about what the Australian federal and state governments and police authorities were doing about this through popular media out of Delhi who not only failed to accurately report it but probably helped inflame the situation.

Senator LUDLAM: I think that is an extremely powerful example. I wish you well in your application for funding in the next triennium to get you out of the jam that all this digital television appears to have got you into.

Senator FISHER: The extent to which foreign communities based in Australia are accessing foreign media rather than media here, when it may be that the same issues are being covered in both, what is SBS able to do or what you think you have been able to achieve in terms of your programming to take some of that audience not only for you but to prevent what otherwise might be some sort of social cohesion issues that could arise?

Mr Brown: I would point to the pilot we are currently running for the Chinese community. We call it a virtual community centre. It supplements the existing analog service in language. It is a place where Chinese speakers can access news and information about Australia and overseas—it combines all of that. In addition, we are particularly pleased with the weekly current affairs show we run entirely in Mandarin and subtitled into English so that English speakers can access it. That program is shot and produced here in Australia and talks to the Australian experience. It is a pilot and we chose a particular language group which was large and early adopters who would be willing to take this up, so it was a useful pilot for us. We are really keen to see that expanded to it least the top 10 language groups in this country, who comprise 60 per cent of community speaking languages other than English.

Senator FISHER: So you can obviously see it as an issue and your strategy is to attack it on a country by country or language by language basis?

Mr Brown: I think that has to be the case, the two-pronged approach that we have where we speak to all Australians and that requires it to be in English or at least subtitled into English. When we speak directly to individual language communities that is primarily through our radio services but with the growth of digital television and online services we could clearly target those communities far more closely than we did in the days of analog services.

Senator FISHER: What do you see happening as a result of this threat, if I can call it that, if you continue with business as usual?

Mr Brown: I do not think we are the cause of the problem; I think we are the potential solution to the problem. I use the phrase 'digital ghetto'. Clearly there are areas which are quite widely known where young Arab males are receiving most of their information about political events through international media sources. Clearly if one were able to reach that group and provide them with a service that was unbiased and focused on the Australian experience, that would have, I think, a very powerful impact. That is probably the best example. The Hindi example I used elsewhere was pretty much a situation which arose out of a community under stress. There is another set of groups as well. There are the ageing members of language groups which might be quite small, but, because they revert to their native language and abandon their English skills in their old age, they too find it easier to access news, information and entertainment from overseas. And really SBS is the only service that stands any chance of connecting with them.

Senator FISHER: Thank you. We look forward to hearing how you are going post your departure. On access to SBS via the VAST satellite service: do you have details, and maybe you want to provide this on notice, of the geographic areas that can only access SBS now—noting that digital is only partially rolled out—through VAST? And, of those geographic areas, which of them were not able to get you before because there was no digital terrestrial service even before?

Mr Brown: Or even analog.

Senator FISHER: And which have gone from basically terrestrial to satellite?

Senator Conroy: It would be fair to say, though, that there are many areas of Australia that cannot get anything at the moment. Is that right?

Mr Brown: Well, there are areas that have not received analog service either, so—

Senator FISHER: Yes, that is right; that is why I put it that way.

Mr Brown: So we see them in discrete groups.

Senator FISHER: If you were listening instead of wrapping up your cord, Minister.

Senator Conroy: I am listening.

Mr Brown: We have received funding in the latest budget to address some areas—I think about 46 or 47 sites—where analog self-help is now funded into a digital self-help proposition. And there are other ones that we are in discussion with the department about. That is in progress. But I will bring the details back on notice.

Senator FISHER: Thank you—or your colleagues might.

Mr Brown: Indeed.

Senator FISHER: Thank you. The rest of my questions I will put on notice.

Senator BIRMINGHAM: Mr Brown, thank you very much for your cooperation over the years that I have been here. It has always been a pleasure, at least on this side of the table. I will ask some questions, firstly, about the new antisiphoning regime. Was SBS consulted on the new arrangements that have been put into place or are being put into place?

Mr Brown: We made a submission to the review of the antisiphoning regime.

Senator BIRMINGHAM: You made a submission during the review process?

Mr Brown: Yes.

Senator BIRMINGHAM: There were no further consultations with SBS during that—

Mr Brown: That is correct.

Senator BIRMINGHAM: Have you seen any draft legislation related to the new antisiphoning regime?

Mr Brown: Yes, we have seen the proposed tier 1 and tier 2 lists.

Senator BIRMINGHAM: What are your views on the structure of that?

Mr Brown: We are broadly satisfied because the approach taken largely reflects the views that we expressed in our submission, notably what we called unbundling of domestic rights so that vendors could have direct relationship with pay TV while at the same time preserving free-to-air access for a certain number of games. That was something we put up as an idea. Clearly, we were delighted to see the World Cup continue to operate under antisiphoning. We have the 2014 rights already and we will be bringing that free to air. Clearly that is of increasing importance, I think, now that Australia so repeatedly qualifies.

Senator BIRMINGHAM: Indeed. I am sure there is a collection of agreement happening around the room here. Were you consulted at all on the proposed mechanism as it was developed?

Mr Brown: No. We put a position in our submission which really tried not to take a view that was solely in the interests of SBS. We did try to step back and say what we believed was the appropriate position of public policy in this regard for all broadcasters. We do not have domestic rights in NRL or AFL, so the need for us to identify an appropriate mechanism did not arise.

Senator BIRMINGHAM: Obviously you were happy with the outcome for soccer—or football, if you prefer—and of course we all knew that was coming for quite a period of time.

Senator Conroy: There are still ongoing discussions. There is an asterisk against soccer, because there are some outstanding issues that we are slowly working our way through—the World Cup being on SBS; we are very happy.

Senator BIRMINGHAM: Yes. And we might come back to the asterisk during the course of tomorrow. Has SBS ever suggested that any events be de-listed?

Mr Brown: I think we might have put a couple into the list. In some respects of course we were saying that, by saying 'unbundle', because the idea that a free-to-air broadcaster should sit in control of content and then not show it but sublicense it—if that were an acceptable balance to the audience at large then it made more sense in our view that the vendor should be

entitled to have a direct relationship instead of a sublicensing arrangement. So, in a way, we were saying, 'de-list half of the NRL and AFL'; 'Give effect legislatively to what is actually happening in an ad hoc fashion.'

Senator BIRMINGHAM: On notice, if you could provide anything additional or any requests that you have made, that would be appreciated. From SBS's perspective, do you think there is a relative level of clarity as to how the new regime is going to operate?

Mr Brown: Yes. Our interest was to see it sustainable and to acknowledge that there are many parties and many interests to be protected. So I think the unbundling does provide a sustainable model for the future.

Senator BIRMINGHAM: Senators Ludlam and Fisher have touched on some of the revenue stream and diversity issues that I wanted to raise. One other issue that I wanted to touch on was the use of your multichannels and SBS's strategy in that regard. I have seen a vision for the future of the multichannels but, in reading through the budget papers and the outcomes, I am not getting a sense that you are expecting grand progress on the vision in the near future?

Mr Brown: We partly achieved it with the launch of SBS TWO and we have been gradually strengthening the offering on that channel. It now has a very high level of multilingual content, a much bigger movie offering than we have ever had in the past, and we have introduced a range of new programs in food and documentaries as well. So that part has been achieved. In terms of launching an SBS3, making use of our HD channel as everyone else has, we have not taken that step. It is an interesting conundrum really, isn't it? Do you use your third channel to provide HD or a discrete service? I often think when I look at what the other networks have done in order to launch additional channels at the expense of HD, it is a bit rich, I suspect. Those people who have gone out to buy an HD television find that when they watch Channel 9's rugby league coverage it is no longer in HD because something called Gem has been launched. But those are the sorts of balances that you have to put into play. I think we pin our hopes substantially on the restack and the opportunity that is presented to us there to launch additional channels, and on the adoption, hopefully, an industry-wide adoption, of MPEG4, which would provide for further channels to be used within the available bandwidth. That is very much part of our strategic thinking, because, as I think I have said before, if you chose one service out of all the networks that could make the best use of multichannelling, it would be SBS. That is because through our charter we are required to provide diversity and that is best delivered through a range of channels, rather than trying to cram everything into a single channel which struggles to satisfy all.

Senator BIRMINGHAM: At present, are there budgetary constraints that really are limiting SBS from making any further decisions about what to do with the HD channel or is it that you think it is better to keep the premium offering available on both the primary channel and HD?

Mr Brown: It is primarily budget constraints. Even if we were to find the resources to launch SBS3, I think it would be to preserve the capacity to use it for the Tour de France and the World Cup as a genuine HD offering. That has been very much our thinking, that, even if we did run SBS3, we would want to make sure that our audience was not short-changed in the delivery of a higher definition.

Senator BIRMINGHAM: But it is in those key events—

Mr Brown: Correct.

Senator BIRMINGHAM: Of course you can always decide to take advantage of it in those times. The rest of the time, if you had the budgetary capacity, you would be looking to have a different offering—

Mr Brown: I believe that is correct.

Senator BIRMINGHAM: in an ideal world.

Mr Brown: Yes.

Senator BIRMINGHAM: And that presumably, of course, will be forming part of the bid that your successor will make to government in due course.

Mr Brown: Indeed.

Senator BIRMINGHAM: Thanks, Mr Brown.

Senator Conroy: Just before we finish, I will just say on behalf of the government: I think I have been lucky enough—I am not sure Mr Brown has always considered that to be the case—to have been on both sides of the table for almost his entire seven-year period in answering questions for SBS. I just want to say what an absolute pleasure it has been to work directly as minister and as shadow minister with Shaun. He has been an absolute professional. He has guided the SBS through some challenging times as the world has evolved in not just multichannelling but the internet. I am sure he would not mind me saying that the professional way he has always sought to increase the budget of SBS has not always met with as much success as he would want, but when both parties have been in power he has had high ambitions and he has always sought to achieve them on behalf of SBS.

Despite all of that, I think a mark of his leadership has been some of the new content that SBS has put to air. Anyone would be proud to have seen overseen the launching and commissioning of a program like *East West 101*, an award-winning series recognised internationally, and the coverage of the World Cup, the most professional and diverse in the world, as I think has been acknowledged. If I could also give a plug for the show that Shaun mentioned, *Go Back to Where You Came From*, it is an inspirational show. I would join him in urging all Australians to watch it. I think it will be a legacy of his and of the courage of the board and the staff to have made the show.

I think you can leave well satisfied with the challenges you overcame in your time at the SBS. On behalf of the government and I am sure the whole community, we want to wish you all the best for the future.

Mr Brown: Thank you very much, Minister.

Senator WORTLEY: I would just like to support the comments made by the minister. Mr Brown, thank you for the commitment you have always shown in coming here to budget estimates. Sometimes it has not been easy. I wish you well in the future.

Mr Brown: Thank you. I appreciate that.

CHAIR: Thanks, Mr Brown, on behalf of the committee and the secretariat. I am sure we want to echo the points that have been made here tonight. Thanks for your efforts for SBS. I

am not sure whether you named *Go Back to Where You Came From* for Senator Conroy and me, because I know have been told that a few times, but I am still here and a proud Aussie.

Mr Brown: As long as it grabbed your interest!

CHAIR: Thanks very much for everything you have done. Senator McEwen just indicated to me that she felt it was cruel and unusual punishment for your last estimates to have you here at 11 pm. I agree with her. Sorry about the program, but thanks for everything.

Senator FISHER: Just before we go, I have one further question of Mr Brown. Are you making sure that your replacement has the same initials as yours for their Christian name and surname—that is, SB?

Mr Brown: Thank you.

CHAIR: Thanks very much. That concludes the hearings for this evening. Now for some formalities. The committee will continue its examination of this portfolio tomorrow morning. Senators are reminded that written questions on notice should be provided to the secretariat by Friday of next week. Thank you, Hansard, and thank you, secretariat.

Committee adjourned at 22:59