

Budget estimates 2011–12

Introduction

1.1 On 9 February 2012 the Senate referred the following documents to standing committees for examination and report:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2012 [Appropriation Bill (No. 3) 2011–12]; and
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2012 [Appropriation Bill (No. 4) 2011–12].¹

1.2 Standing committees were required to report to the Senate on 21 June 2011.²

Hearings

1.3 The committee conducted public hearings with the Climate Change and Energy Efficiency portfolio on 13 February 2012, the Sustainability, Environment, Water, Population and Communities portfolio on 13 and 14 February 2012 and the Broadband, Communications and the Digital Economy portfolio on 14 February 2012. The committee's public hearings program is at Appendix 1. Documents tabled during the hearings are listed at Appendix 2.

1.4 Written answers and information provided to the committee in response to questions on notice arising from the hearings are tabled in the Senate and posted on the committee's web page.

1.5 Links to the transcripts of these public hearings and to answers and additional information are available on the Internet at:

www.aph.gov.au/Parliamentary_Business/Committees/Senate/Committees?url=ec_ctte/estimates/add_1112/index.htm

Questions on notice – date for response

1.6 In accordance with Standing Order 26(9)(a), the committee agreed that the date for the return of written answers or additional information in response to questions placed on notice during the 13–14 February hearings be Friday, 30 March 2012.

1.7 As in previous estimates reports, the committee again expresses its concern about the time taken to receive answers to questions taken on notice.

1 *Journals of the Senate*, No. 28, 10 May 2011, p. 878.

2 *Journals of the Senate*, No. 14, 26 November 2010, pp 408–409.

1.8 The committee notes that it had set Friday, 2 December 2011 as the date for the return of answers to questions taken on notice during the Supplementary Budget Estimates hearings held in October 2011. However, at that date there was a total of 916 answers outstanding to 1037 questions on notice across the three portfolios, as follows:

- Broadband, Communications and the Digital Economy portfolio, 583 of 583;
- Climate Change and Energy Efficiency portfolio, 94 of 215; and
- Sustainability, Environment, Water, Population and Communities portfolio, 239 of 239.

1.9 The last of the late answers were submitted in the days prior to and during the Additional Estimates hearings.

1.10 The committee reiterates its expectation that answers to questions on notice should be provided to the committee by the due date.

Portfolio specific issues

1.11 On the first day of its examination of the 2011–12 Additional Estimates, the committee called and examined officers from the Climate Change and Energy Efficiency (CCEE) portfolio.

1.12 The committee welcomed Senator the Hon Penny Wong, Minister for Finance and Deregulation, representing the Minister for Climate Change and Energy Efficiency, the Hon Greg Combet MP.

1.13 The committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Monday, 13 February 2012.

Climate Change and Energy Efficiency portfolio

1.14 General questions were asked of the department about:

- freedom of information requests; vexatious applications (pp 3, 4, 30–32, 74)
- Zoo Advertising Pty Ltd contract for a corporate communications branding and visual identity for the clean energy regulator (pp 5–6)
- cost of department fit-out and re-location to the Nishi Building (pp 6–7)
- graduate intake numbers (p. 7).

1.15 At the conclusion of general questions, the committee called departmental officers in relation to Program 1.1: Reducing Australia's greenhouse gas emissions. Matters raised included:

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- establishment of the clean energy regulator and the climate change authority (pp 8–12)
 - impact of the current exchange rate on Australia's carbon price (pp 12–15, 29–30)
 - estimated fugitive emissions from coal seam gas operations (pp 15–18)
 - costs of the Power Shift 2011 conference (p. 18)
 - applications for the Climate Change Grant Program (p. 18)
 - current price of carbon in the European Union Emission Trading Scheme and other overseas schemes (pp 19–22)
 - impact of the carbon price on Australian farm businesses (pp 23–27)
 - analysis of the advertising campaign of the Australian Trade and Industry Alliance (pp 27–28)
 - assistance under the Jobs and Competitiveness Program in Tasmania (pp 28–29)
 - allocations of funding from the energy security fund (pp 33–34)
 - advertising in the lead-up to the implementation of the carbon price package (pp 34–35)
 - release of report based on Open Mind tracking research (pp 35–36)
 - status of the renewable energy atlas (p. 37).

1.16 Officers from the *Office of the Renewable Energy Regulator* were called and examined in relation to:

- time frame for clearing solar credits in the clearing house (p. 38)
- inspections undertaken by the regulator (pp 38–39)
- amalgamation of the Office of the Renewable Energy Regulator with the Clean Energy Regulator (p. 40)

1.17 Officers from *Low Carbon Australia Limited* were called and examined. Ms McDonald made an opening statement noting this was the organisation's first appearance at Senate Estimates. Questioning commenced and matters raised included:

- funding of the organisation (41–42)
- status of the upgrade agreement with the City of Melbourne (p. 43).

1.18 Officers were called and examined in relation to Program 1.2: Improving Australia's Energy Efficiency. Matters raised included:

- eligibility for grants under the Community Energy Efficiency Program (pp 43–45)
- operation of the Low Income Energy Efficiency Program (pp 45–46)

- operation of the Energy Efficiency Information Grants program (pp 46–49)
- finalisation of the home insulation and green loans programs (pp 49–57)
- funding for the National Solar School program (p. 57)
- status of the Tax Breaks for Green Buildings program (p. 57)
- status of the Residential Mandatory Disclosure program (pp 57–58)
- ratings under the Mandatory Energy Performance Standards for Appliances (pp 58–59).

1.19 Officers were called and examined in relation to Program 1.3: Adapting to Climate Change. Matters raised included:

- schedule of activities of the Climate Commission (pp 59–61)
- processes for assessing climate change scientific material (pp 63–69)
- funding for natural resource management for climate change (pp 69–70).

1.20 Officers were called and examined in relation to Program 1.4: Helping to shape a global climate change solution. Matters raised included:

- Durban climate change conference: cost of delegation; outcomes (pp 71–74, 75–76)
- role of the World Bank in assisting developing countries develop carbon markets (pp 74–75).

Sustainability, Environment, Water, Population and Communities (SEWPaC) portfolio

1.21 At the conclusion of the examination of the Climate Change and Energy Efficiency portfolio, the committee called and examined officers from the Sustainability, Environment, Water, Population and Communities portfolio.

1.22 The committee welcomed Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, and Senator the Hon Don Farrell, Parliamentary Secretary for Sustainability and Urban Water, both representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP, at various times during the examination of this portfolio, and officers.

1.23 The committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Monday, 13 February 2012.

1.24 General questions were asked of the department about:

- departmental program re-structure as a result of machinery of government changes in December 2011 (p. 80)

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- status of the Renewable Energy Atlas (pp 81, 102)
 - reporting under section 516A of the EPBC Act, ecologically sustainable development activities (p. 82)
 - regulatory impact statement process (p. 83)
 - implementation of the Biodiversity Fund (pp 83–85, 96–97).

1.25 The committee called agencies and departmental officers in relation to Outcome 1: The conservation and protection of Australia's terrestrial and marine biodiversity and ecosystems through supporting research, developing information, supporting natural resource management, and establishing and managing Commonwealth protected areas.

1.26 The *Bureau of Meteorology* was called and examined. Matters raised included:

- role of former employee William Kininmonth (pp 85–86)
- bureau travel and expense budgets (pp 86–87)
- long term forecasts of rain events in the south Murray-Darling Basin catchment area (p. 87)
- weather data collection and dissemination of information in the Wimmera region (p. 88).

1.27 The *Great Barrier Reef Marine Park Authority* was called and examined. Matters raised included:

- fish deaths and other matters in relation to Gladstone Harbour (pp 88–89)
- proposed strategic assessment of the World Heritage region and future development proposals (pp 89, 90–91)
- reef recovery post Cyclone Yasi (pp 89–90)
- impacts on the reef on increased shipping movements (p. 91).

1.28 The *Director of National Parks* was called and examined. Matters raised included:

- ANAO report into Indigenous protected areas (pp 91–92)
- costs of running Uluru and Kakadu (pp 92–93)
- shipwreck and oil spill at Christmas Island (pp 93–94).

1.29 Officers were called and examined in relation to Program 1.1: Sustainable Management of Natural Resources and the Environment. Matters raised included:

- managing pests in national parks (p. 95)
- status of the Environmental Stewardship Program (pp 95–96)
- wildlife corridors program (pp 96, 99–100)
- review of the Caring for our Country program (pp 97–98)

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- Tasmanian forests taskforce (p. 101)
 - Biodiversity Conservation Strategy (p. 101).

1.30 Officers were called and examined in relation to Program 1.2, Environmental Information and Research. Matters raised included:

- *State of the Environment* report (pp 103–104)
- submission about proposals for the Coral Sea (p. 105)
- exclusion of trawling from the Coral Sea and other bioregions (pp 105–108)
- International Whaling Commission issues (pp 108–109)
- marine planning process for the south-west marine region (pp 109–110).

1.31 Officers were called and examined in relation to Outcome 2, Program 2.1: Management of Hazardous Wastes, Substances and Pollutants. Matters raised included:

- Packaging Impacts Consultation Regulation Impact Statement (pp 111–112)
- collection of revenue in relation to synthetic greenhouse gases and ozone depleting substances under the Clean Energy Future package (p. 112)
- audit of the Australian Refrigeration Council licensing program (p. 113)
- investigation into the dumping of e-waste (pp 113–114).

1.32 Responsibility for Affordable Housing matters, formerly Program 2.2, was transferred to the Families, Housing, Community Services and Indigenous Affairs portfolio in December 2011.

1.33 Officers were called and examined in relation to Program 2.3: Sustainable Communities. Matters raised included:

- sustainability indicators and suburban jobs program (pp 114–116).

1.34 On the second day of hearings, the committee continued its examination of the Sustainability, Environment, Water, Population and Communities portfolio, commencing with Outcome 5.

1.35 The page references beside each matter below refer to the proof transcript for Tuesday, 14 February 2012.

1.36 The committee welcomed Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, and Senator the Hon Don Farrell, Parliamentary Secretary for Sustainability and Urban Water, both representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP, at various times during the examination of this portfolio, and officers.

1.37 Officers were called and examined in relation to Outcome 5, Program 5.1: Conservation of Australia's Heritage and Environment. Matters raised included:

- number of new assessments planned (p. 4)
- budget cuts across the heritage division (p. 4)
- report to the World Heritage Committee about the Great Barrier Reef World Heritage area (pp 5–6)
- heritage grants available to the public (pp 6–7)
- funding for World Heritage listing activities (p. 9).

1.38 Questioning of the *Sydney Harbour Federation Trust* commenced. Matters raised included:

- status of HMAS Platypus redevelopment (pp 10–12).

1.39 Officers were called and examined in relation to Program 5.2: Environmental Regulation, commencing with the *Office of Supervising Scientist*. Matters raised included:

- impact of wet season on operations at the Ranger mine (pp 12–13)
- construction of the brine concentrator (p. 13)
- real time monitoring and publication of water quality monitoring (pp 13–14)
- seepage under the tailings dam (p. 14).

1.40 Departmental officers were then called in relation to Program 5.2: Environmental Regulation. Matters raised included:

- coal seam gas projects under assessment under the EPBC Act (pp 15–19)
- impacts of coal seam gas on the Great Barrier Reef (pp 19–20)
- monitoring of the western basin dredging program at Gladstone (pp 20–21)
- spills of produced coal seam gas water in the Pilliga state forest (p. 21)
- cattle grazing in the Alpine National Park (pp 21–22)
- release of acreage in areas proposed for marine sanctuaries and blue whale feeding habitat (pp 22–23)
- James Price Point strategic assessment process (p. 23).

1.41 Officers from the *Murray-Darling Basin Authority*, the *National Water Commission* and departmental officers in relation to Program 4.1: Water Reform. Matters raised included:

- formation of the Independent Expert Scientific Committee on Coal Seam Gas and Coal Mining (pp 24–26, 41)
- funding to Irrigation Efficiency Partners (pp 26–28)

- Victorian Auditor-General's report on the Northern Victoria Irrigation Renewal Project (pp 29–30)
- interaction between ground water and surface water (pp 30–31, 33–36)
- water extractions from unregulated rivers (pp 32, 37–39)
- issue of exporting sale from the basin (p. 31)
- salinity level in Lake Albert (pp 32–33, 36)
- mining on Stradbroke Island (p. 42)
- water usage and modelling (pp 43–46)
- consultation process with communities, states and industry stakeholders (p. 47).

Broadband, Communications and the Digital Economy portfolio

1.42 At the conclusion of its examination of the Sustainability, Environment, Water, Population and Communities portfolio, the committee called and examined officers from the Broadband, Communications and the Digital Economy portfolio.

1.43 The committee welcomed Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy.

1.44 The page references beside each matter refer to the proof transcript for Tuesday, 14 February 2012.

1.45 General questions were asked of the department about:

- police investigation into the Australia Network tender process (pp 50–51)
- funding for cybersafety activities beyond 2013–14 (p. 51)
- the Regional Backbone Blackspots Program (pp 51–52).

1.46 Officers from *Australia Post* were called and examined. Matters raised included:

- franchises arrangements (pp 55–56)
- appointment of new board member (pp 56–57)
- statistics on lost parcels and delayed deliveries (pp 58–59, 61–62)
- Bandara and Attunga post offices (pp 60–61)
- introduction of super stores (p. 63).

1.47 Officers from the department were called and examined in relation to Program 1.2: Digital Economy and Postal Services. Matters raised included:

- cybersafety helpline (pp 64, 66)
- youth advisory group: membership of; outcomes (pp 64–65)

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- mandatory ISP filers (pp 65–66)
 - hubs and enterprise programs (p. 67)
 - convergence review (pp 67–69).

1.48 Officers from the *Australian Broadcasting Corporation* were called. Mr Scott, Managing Director made an opening statement after which questioning commenced. Matters raised included:

- contents of responses to questions on notice (p. 70)
- coal seam gas website (pp 70–72)
- status of the Australia Network tender process (pp 74–76)
- paid advertising in other media (p. 76)
- casualisation of staff positions, proportion of casual to permanent journalists (p. 82)
- new ABC building in Brisbane (pp 82–84)
- sports broadcasting (pp 84–85).

1.49 Officers from the *Special Broadcasting Service* were called and examined. Mr Ebeid, Managing Director, made an opening statement after which questioning commenced. Matters raised included:

- screening of *The Promise* (pp 88–92, 94–95)
- declining advertising revenue (pp 92–93)
- budget issues (pp 95–96).

1.50 Officers from the *Australian Communications and Media Authority* (ACMA) were called and examined. Matters raised included:

- localism on regional radio stations (pp 96–98)
- ACMA's role in the Safer Internet Day (pp 98–99)
- spectrum sales (pp 99–100)
- funding for the Connect.ed program (p. 101).

1.51 Officers from the department were called and examined in relation to Program 1.3: Broadcasting and Digital Television. Matters raised included:

- digital television switchover (pp 105, 106)
- role of the department in ending the Australia Network tender process (p. 105).

1.52 Officers from the department were called and examined in relation to Program 1.1: Broadband and Communications Infrastructure. Matters raised included:

- Telstra fibre deployment in south Brisbane (pp 107–108)

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- NBN community hubs (pp 108–109)
 - Australian Competition and Consumer Commission's (ACCC) oversight of the NBN's investment in its network (pp 109–111).

1.53 The *NBN Co* was then called and examined. Mr Quigley, Chief Executive Officer, made an opening statement after which questioning commenced. Matters raised included:

- number of premises passed with fibre compared with the corporate plan target (pp 115–117, 125–126)
- cost of backhaul for greenfields sites (p. 117)
- content of answers to Supplementary Budget Estimates questions on notice concerning legal fees (pp 119–120, 125, 128)
- contract for two purpose-built Ka band satellites (pp 113, 121, 138)
- numbers connected to NBN (p. 122)
- installation of wireless towers (pp 123–124, 133–135)
- licensing of third-party contractors conducting installation and maintenance (p. 127)
- possible exclusion of Tasmania from Telstra NBN packages (pp 129–131)
- market research companies engaged by NBN Co (pp 131–133)
- Australian industry participation (pp 135–137).

Acknowledgements

1.54 The committee thanks Senator the Hon Penny Wong, Minister for Finance and Deregulation; Senator the Hon Don Farrell, Parliamentary Secretary for Sustainability and Urban Water, and Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, along with officers from the three portfolio departments and agencies, for their assistance during this Budget estimates process. The committee also thanks Hansard, Broadcasting and the committee secretariat.

Senator Doug Cameron
Chair