



COMMONWEALTH OF AUSTRALIA

# Proof Committee Hansard

## SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION  
COMMITTEE

**Estimates**

(Public)

MONDAY, 12 FEBRUARY 2024

CANBERRA

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## ENVIRONMENT AND COMMUNICATIONS LEGISLATION COMMITTEE

**Monday, 12 February 2024**

**Members in attendance:** Senators Cadell, Cox, Davey, Duniam, Grogan, Hughes, McDonald, McKenzie, McKim, Nampijinpa Price, Payman, Barbara Pocock, David Pocock, Rennick, Rice, Roberts, Van, Waters and Whish-Wilson

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

Senator McAllister, Assistant Minister for Climate Change and Energy

**Department of Climate Change, Energy, the Environment and Water****Executive**

Mr David Fredericks PSM, Secretary

Ms Jo Evans PSM, Deputy Secretary

Mr Simon Duggan, Deputy Secretary

Ms Rachel Parry, Deputy Secretary

Mr Dean Knudson, Deputy Secretary

Mr Sean Sullivan, Deputy Secretary

Ms Luise McCulloch, Deputy Secretary

Mrs Ruth Wall, Acting Deputy Secretary

**Corporate****Finance Division**

Mr Robert Hanlon, Chief Finance Officer

Ms Jill Mand, Branch Head, Property and Protective Security

Ms Michelle Crowther, Branch Head, Financial Management Branch

**Information and Communications Technology Division**

Mr Tim Spackman, Chief Information Officer

**Legal (Chief Counsel)**

Ms Kate Lalor, Chief Counsel

**People Division**

Ms Linda Ward, Chief People Officer

Mr Nathan Hannigan, Branch Head, People Safety and Remote People Services Branch

Mr Andrew Oliver, Branch Head, People Branch

Ms Steph Bourke, Branch Head, Professional and Ethical Standards Branch

**Portfolio Strategy Division**

Ms Michelle Croker, Division Head

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

Ms Melina Saunders, Branch Head, First Nations Branch

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

Ms Anita Agett, Branch Head, Communications and Media Branch

Mr Will Kimber, Acting Branch Head, National Security and International Branch

**Climate Change Policy, Adaptation and Risk Division**

Ms Cathryn Geiger, Acting Division Head

Dr Nicole Mitchell, Branch Head, Climate Change Policy Branch

Mr Chris Johnston, Branch Head, Climate Risks and Impacts and Climate Active Branch

Ms Kathryn Smith, Branch Head, National Adaptation Policy Office Branch

**Electricity Division**

Ms Kirsty Gowans, Division Head

Ms Melissa Pang, Branch Head, Electricity Markets and 82 Per Cent RET Branch

Mr James White, Branch Head, Consumer Energy Resource Taskforce

Mr Paul Johnson, Branch Head, Rewiring the Nation Office

Ms Nadia Rosenman, Branch Head, Rewiring the Nation office

Ms Luana Cormac, Branch Head, First Nations and Supply Chain Branch

**Emissions Reduction Division**

Ms Kath Rowley, Division Head

Mr Matthew Ryan, Branch Head, Land and Transport Branch

Ms Melanie Ford, Branch Head, National Inventory Systems and International Reporting Branch

Ms Kate Lea-Perry, Acting Branch Head, Carbon Crediting Branch

Mr Andrew Hutchinson, Branch Head, Net Zero Taskforce

**Energy Performance and Security Division**

Mr Martin Squire, Acting Division Head

Dr Peta Derham, Branch Head, Energy Performance Strategy Branch

Mr Isaac Gravolin, Acting Branch Head, Home Ratings and Disclosure

Mr Chris Bloomfield, Acting Branch Head, Industrial and Buildings Energy Performance

**Gas and Liquid Fuels Division**

Ms Paula Svarcas, Division Head

Mr Chris Videroni, Branch Head, Gas Security Branch

Mr Cris Cano, Acting Branch Head, Liquid Fuels Branch

Mr Hew Atkin, Branch Head, Gas Markets Branch

**International Climate and Energy Division**

Ms Kushla Munro, Division Head

Mr Davd Higgins, Branch Head, International Net Zero Branch

Dr Sally Box, Branch Head, Climate Negotiations and Engagement Branch

Ms Gaia Puleston, Branch Head, Strategic Partnerships Branch

Mr Sam Lowe, Branch Head, Renewable Superpower Taskforce Branch

**National Energy Transformation Division**

Mr Adam McKissack, Acting Division Head

Ms Nicole Thomas, Acting Branch Head, National Climate and Energy Partnerships Branch

Ms Leonie Horrocks, Branch Head, Energy Markey Body and Agency Engagement Branch

Ms Emma Richardson, Acting Branch Head, Office of Energy Economics Branch

Mr Alex Blachford, Acting Branch Head, Energy System Reform Branch

**Net Zero Industries Division**

Mr Shane Gaddes, Division Head

Ms Catherine Zerger, Branch Head, Hydrogen Strategy Branch

Ms Bronwyn Ray, Branch Head, Decarbonisation Initiatives Branch

Ms Edwina Johnson, Branch Head, Safeguard and CBAM Review Branch

Mr Paul Murphy, Branch Head, Offshore Renewables Branch

**Office of the Capacity Investment Scheme**

Mr Matthew Brine, Head of Office

Mr Salim Mazouz, Branch Head, Policy and Engagement

Ms Alison Wiltshire, Branch Head, Delivery and Governance

**Biodiversity Division**

Ms Cassandra Kennedy, Division Head

Dr Ilse Kiessling, Branch Head, Protected Species and Ecological Communities Branch

Dr Fiona Fraser, Threatened Species Commissioner

**Circular Economy Division**

Ms Kate Lynch, Division Head

Mr Cameron Hutchison, Branch Head

Ms Chloe Bird, Branch Head

Ms Jackie Raynor, Branch Head

Ms Rachel Burgess, Branch Head

**Environment Information Australia**

Ms Jane Coram, Division Head

Ms Juanita Pettit, Branch Head, Environmental Data and Analysis Branch

Ms Lisa Nitschke, Branch Head, Environmental Economics, Science and Reporting Branch

Mr Brendan Lynam, Branch Head, Environment Information Policy and Strategy

**Environmental Permitting and Compliance Division**

Mr Andrew McNee, Division Head

Mr Graeme Grosse, Branch Head, Compliance and Enforcement Branch

Ms Kate Elliott, Branch Head, Wildlife, Waste and Environmental Permits Branch

Ms Carmen Dwyer, Lead Adviser, Environment Protection Australia, Transition Taskforce

**Heritage Division**

Ms Michelle Dumazel, Division Head

Mr Wayne Beswick, Branch Head, Heritage Policy and Strategy Branch

Ms Karen Najjar, Branch Head, First Nations Heritage Protection

**International Environment, Reef and Ocean Division**

Ms Katrina Maguire, Division Head

Mr John Foster, Branch Head, Great Barrier Reef Branch

Ms Belinda Jago, Branch Head, Oceans and Wildlife Branch

Ms Nicole Coombe, Acting Branch Head, International Environment Branch

**Nature Finance and Market Division**

Mr Anthony Bennie, Acting Division Head

Ms Laura Higgins, Branch Head, Biodiversity Markets Branch

Ms Louise Perez, Branch Head, Global Nature Positive Summit Branch

**Nature Positive Integration Division**

Mr Greg Manning, Division Head

Ms Ami McGrath, Branch Head, Environmental Policy Integration Branch

Mr Glenn Block, Branch Head, Natural Heritage Trust Branch

Dr Alison McMorro, Branch Head, Regional Planning and Landscapes Branch

**Nature Positive Regulation Division**

Mr Bruce Edwards, Division Head

Ms Kylie Calhoun, Branch Head

Ms Fiona Beynon, Acting Branch Head

Ms Tharanie Vithanage, Branch Head

Mr Declan O'Connor-Cox, Branch Head

Ms Rachel Short, Branch Head

**Nature Positive Taskforce**

Mr James Tregurtha, Head of Taskforce

Ms Mahani Taylor, Branch Head

**Supervising Scientist**

Mr Keith Tayler

**Australian Antarctic Division**

Ms Emma Campbell, Division Head  
Ms Rhonda Bartley, Acting Branch Head, Operations and Logistics  
Ms Kelly Buchanan, Branch Head, Policy and Strategy  
Ms Dani Yannopoulos, Branch Head, People and Culture  
Dr David Souter, Acting Chief Scientist

#### **Agencies and Statutory Authorities**

##### **Australian Energy Infrastructure Commissioner**

Mr Andrew Dyer, Australian Energy Infrastructure Commissioner

##### **Australian Energy Regulator**

Ms Clare Savage, Chair  
Mr Jim Cox, Deputy Chair  
Ms Anthea Harris, Chief Executive Officer  
Ms Stephanie Jolly, Executive General Manager, Consumers, Policy and Market

##### **Australian Institute of Marine Science**

Professor Selina Stead, Chief Executive Officer  
Mr Basil Ahyick, Chief Finance Officer  
Dr David Wachenfeld, Research Program Director

##### **Australian Renewable Energy Agency**

Mr Darren Miller, Chief Executive Officer  
Mr Ian Kay, Chief Investment Officer  
Mr Chris Faris, Chief Operating Officer

##### **Bureau of Meteorology**

Dr Andrew Johnson, Chief Executive Officer and Director of Meteorology  
Dr Peter Stone, Group Executive, Business Solutions  
Ms Paula Goodwin, Group Executive Enterprise Services / Chief Operating Officer

##### **Climate Change Authority**

Mr Brad Archer, Chief Executive Officer  
Ms Eliza Murray, General Manager, Strategy Branch  
Dr Matt Searson, Acting General Manager, Analysis Branch  
Ms Samantha MacCready, General Manager, Corporate Branch

##### **Clean Energy Finance Corporation**

Mr Ian Learmonth, Chief Executive Officer  
Mr Andrew Powell, Chief Finance Officer  
Mr Simon Every, Head of Government and Stakeholder Relations

##### **Clean Energy Regulator**

Mr David Parker AM, Chair  
Mr Mark Williamson, Executive General Manager  
Ms Jennifer Bradley, Acting Executive General Manager  
Mr Carl Binning, Executive General Manager  
Mr Rizwan Akhund, Acting General Counsel  
Ms Jane Wardlaw, General Manager  
Ms Mary-Anne Wilson, Chief Operations Officer  
Ms Jennifer Bradley, General Manager

##### **Great Barrier Reef Marine Park Authority**

Mr Joshua Thomas, Chief Executive Officer

Dr Roger Beeden, Chief Scientist, Strategic Policy and Partnerships

**Snowy Hydro Limited**

Mr Dennis Barnes, Chief Executive Officer

Mr Roger Whitby, Chief Operating Officer

**Threatened Species Scientific Committee**

Professor Iain Gordon, Chair

**Offshore Infrastructure Regulator**

Ms Sue McCarrey, National Offshore Petroleum Safety and Environmental Management Authority, Chief Executive Officer

Mr Cameron Grebe, Deputy Chief Executive Officer, Strategic Regulation and Improvement

Mr Owen Wilson, Executive Director, Offshore Renewables Regulation

**Offshore Infrastructure Registrar**

Mr Graeme Waters, Titles Administrator, and Offshore Infrastructure Registrar

Mr Steve Taylor, Director, Petroleum Development and Offshore Electricity Infrastructure

**Committee met at 09:00**

**CHAIR (Senator Grogan):** I declare open this hearing of the Senate Environment and Communications Legislation Committee into the 2023-24 additional estimates. I begin by acknowledging the traditional owners of the land on which we meet today and pay our respects to elders past, present and emerging. The committee's proceedings today will begin with corporate matters and general questions of climate change, energy, the environment and water portfolio. The committee has fixed Friday, 5 April 2024 as the date for return of answers to questions taken on notice. Under standing order 26, the committee must take all evidence in public. This includes answers to questions on notice. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee. Such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence. The Senate has endorsed the following test of relevance for questions at estimates hearings:

Any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purpose of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committee unless the parliament has expressly provided otherwise. The Senate has resolved that an officer of a department of the Commonwealth shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. Witnesses are reminded of the Senate order specifying the process by which a claim of public interest immunity should be raised. I incorporate the public immunity statement into the *Hansard*.

*The extract read as follows—*

**Public interest immunity claims**

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

*(13 May 2009 J.1941)*

(Extract, Senate Standing Orders)

**CHAIR:** I remind all senators that, as we continue our work implementing the *Set the standard* report, as chair I will ensure that proceedings are conducted in an orderly, respectful and courteous way. An officer called to answer a question for the first time should state their full name and the capacity in which they appear.

I now welcome senator the Hon. Jenny McAllister, Assistant Minister for Climate Change and Energy representing the Minister for Climate Change and Energy and the Minister for Environment and Water. Minister, would you like to make an opening statement?

**Senator McAllister:** No. Thank you, Chair.

### **Department of Climate Change, Energy, the Environment and Water**

[09:02]

**CHAIR:** I also welcome Mr David Fredericks, the secretary of the department. Mr Fredericks, do you wish to make an opening statement?

**Mr Fredericks:** No. Thank you, Chair.

**CHAIR:** Before we commence with corporate matters and general questions, I remind senators that this part of the program relates to matters concerning central departmental administration, such as building services, ICT, staffing levels and media procurement. Questions relating to individual policies and programs should be addressed to officials when the programs are considered in subsequent sessions. I know that a couple of senators have some points of clarification at this point to determine whether their questions are appropriately placed here or at another session so we will trawl through them as well. We will start this morning for our long, respectful and joyous session with Senator Duniam.

**Senator DUNIAM:** On previous occasions when we've been asking about the matter of the grant to the Environmental Defenders Office there was an element of legal involved and grant administration. Am I right to ask those questions here?

**Mr Fredericks:** Yes. This is the right time and place for that, Senator.

**Senator DUNIAM:** Excellent. I'm delighted to hear that. I will go back to the beginning of all this. Why was funding granted to the Environmental Defenders Office?

**Mr Hanlon:** It is an election commitment.

**Senator DUNIAM:** An election commitment?



**Mr Hanlon:** Correct.

**Senator DUNIAM:** And the election was held in May 2022, from memory. What date was the funding granted to the EDO?

**Mr Hanlon:** Are you talking actual first payment?

**Senator DUNIAM:** Well, a date on which the government had approved funding to be administered to the EDO?

**Mr Hanlon:** That would be the budget 2022-23 in October 2022.

**Senator DUNIAM:** Okay. I've got here a document about Grant Connect. It has here an approval date of 25 May 2023. Is that the date of the first payment, this approval date?

**Mr Hanlon:** No. They are the guidelines.

**Senator DUNIAM:** These are the guidelines?

**Mr Hanlon:** We go out and put out the guidelines. Then it is a process of the people applying for the grant. We go through a contractual process.

**Senator DUNIAM:** To the department's understanding, what was the reasoning behind the establishment of this grant?

**Mr Hanlon:** I can tell you what the announcement was on the grant. I will get that for you, Senator.

**Ms McCulloch:** It was an election commitment given by the government to provide legal assistance and legal information support to community groups, farmers and not-for-profit organisations—a range of entities—to get legal assistance and legal information in legal matters. It was part of a broader government stance on ensuring appropriate legal services and legal information is available to a wide range of groups in the community.

**Senator DUNIAM:** You say a broader government stance. What other elements to that are there?

**Ms McCulloch:** Basically, general legal aid assistance that is provided in a number of different portfolios across the government.

**Senator McAllister:** There had obviously been under the previous government very significant concerns about the cuts that had been made to support for community legal services. From opposition, then shadow Attorney-General was seeking to remedy those circumstances across a range of different kinds of community legal service organisations.

**Senator DUNIAM:** How was the amount of funding established?

**Ms McCulloch:** The election commitment actually specified a global amount that was for both the Environmental Defenders Office and the EJA, Environment Justice Australia. That was an election commitment in the October 2022 budget. That money was appropriated. The actual management of the grant then came back to the department. The minister is not a decision-maker and does not allocate the grant funding. They provided the funding in general.

**Senator DUNIAM:** Yes. I wasn't asking about that last part, but I will come back to that now you've raised it. Just in relation to the grant amount, Minister, how was that established? What determined this global amount that was allocated?

**Senator McAllister:** It was a decision within the budget.

**Senator DUNIAM:** I heard it was an election commitment, not a decision within the budget. First, it was an election commitment. How did the now government arrive at that dollar value?

**Senator McAllister:** Decisions taken within the budget are taken in the ordinary way. They are contemplated. Election commitments are obviously prioritised and they are contemplated through the ordinary processes of the budget, having regard to the broader fiscal strategy of the government.

**Senator DUNIAM:** Minister, can you tell me how then opposition, now government, arrived at the dollar value for this grant?

**Senator McAllister:** Senator, it was an election commitment. It was a decision taken from opposition and then it was processed in the ordinary way through the budget.

**Senator DUNIAM:** So you can't tell me how the opposition, now government, arrived at that dollar value?

**Senator McAllister:** It is quite straightforward. In every election campaign, oppositions make a series of commitments to deal with challenges that are being presented to them by the community. This was one of many commitments made in exactly this way, as is common across politics.

**Senator DUNIAM:** So no method, no methodology, no reason around the dollar amount? It's just part of a broader process that applies to everything? To be clear, I'm asking how the opposition came to this dollar value.

**Senator McAllister:** Senator, I understand, although I don't have the information with me about the processes undertaken from within opposition, it was costed by the PBO in the period when we were in opposition.

**Senator DUNIAM:** Yes. That would be a proposition put forward by the opposition—costed by the PBO. I don't think many people go to ask the PBO how much we should give an entity. That is something that the political entity would do themselves. So you are telling me there is no process that you can tell this committee and the Australian people that was gone through to determine exactly how much should be given? If there is, you should tell us now because it is not the first time we've asked about this grant. Of course, there has been an extreme amount of public interest in this organisation, which frankly is doing lots of good things out there in the community, being given taxpayers' money. If you would like to add that now, otherwise, I will move to my next question.

**Senator McAllister:** The shadow cabinet took a series of decisions in the lead-up to the election working within the fiscal envelope that we had identified was sensible, possible and responsible as we approached the election. The decision was taken in that context.

**Senator DUNIAM:** That is really not an answer. I presume there would have been consultation with the EDO about the amount of money that an election commitment would be provided to them?

**Senator McAllister:** I don't have that information with me, Senator.

**Senator DUNIAM:** Will you take that on notice for me?

**Senator McAllister:** I can see what is available.

**Senator DUNIAM:** You will take it on notice, okay. In terms of the scope and what the purpose of the funding would be for—given we can't establish how we arrived at the global dollar figure in any real terms—how did we determine what the money would be used for?

**Mr Hanlon:** The activities that are eligible under the grant are for legal information and legal assistance services to members of the community—farmers, Aboriginal and Torres Strait Islander people, communities and their community representatives and environmental groups. It is the provision of legal information and legal assistance services relating to public interest planning; environmental law and criminal law matters relating to the environment; major development and infrastructure, such as dams, roads, tunnels, large-scale developments; mining, fracking and energy; land clearing and logging; corporate and government conduct; and irrigation, water use and contamination of land and water.

**Senator DUNIAM:** Mr Hanlon, were these activities defined as eligible? There's one you didn't mention, which is that we may also approve other activities according to your grant guidelines. I will come back to that in a moment.

**Mr Hanlon:** Yes.

**Senator DUNIAM:** Were they determined by the department?

**Mr Hanlon:** Yes.

**Senator DUNIAM:** How did you determine these activities?

**Mr Hanlon:** So grants like this are common in the Commonwealth. We engaged with the Attorney-General's Department to look at what had previously been done. We based that on the previous.

**Senator DUNIAM:** It says we may also approve other activities. Have any other activities been approved?

**Mr Hanlon:** No.

**Senator DUNIAM:** In terms of the grant guidelines, was there any negotiation with the EDO about what was in and what was out? Was it as determined between the election of May 2022 and the approval of the guidelines in May 2023?

**Mr Hanlon:** When we spoke to the EDO as part of the contractual arrangements, we did have conversations about what was eligible and what wasn't eligible activity, which we clarified. We then reached an agreement. They are the eligible activities.

**Senator DUNIAM:** To be clear, in that period of time there were conversations, as you characterised it, about what was eligible and what was not.

**Mr Hanlon:** Correct.

**Senator DUNIAM:** An agreement was reached. That makes me think there was some give and take on the eligible activities. Am I correct in that?

**Mr Hanlon:** No. I don't believe so. I would say that we clarified what they can and can't do and made sure we had a common understanding.

**Senator DUNIAM:** So the guidelines didn't change from first draft soon after the election through to May 2023 when they were approved?

**Mr Hanlon:** I would have to take that on notice. I don't recall that off the top of my head, to be honest.

**Senator DUNIAM:** If you could, please.

**Mr Hanlon:** I can.

**Senator DUNIAM:** Can you itemise the dates on which various versions of the agreement were available? I'm happy for you to rotate, Chair.

**Senator BARBARA POCOCK:** I have questions on your use of, and relationships with, consultants. I understand that EY is still being paid to advise the government on various policies that will contribute to Australia reaching net zero emissions via five areas of work—the safeguard mechanism, carbon offsets, renewable energy, the government's voluntary carbon neutral certification scheme and Climate Active. That might be only four areas, actually. Is that correct?

**Mr Hanlon:** Yes. That accords to what I understand as well.

**Senator BARBARA POCOCK:** How much has the department spent on contracts with EY over the last five years?

**Mr Hanlon:** Over the last five years?

**Senator BARBARA POCOCK:** Yes.

**Mr Hanlon:** I would have to take that on notice. I don't have that information. I can pull it for you. Just to clarify, that would be from 1 July 2022, because that's when the department came into existence.

**Senator BARBARA POCOCK:** Could you give me the precursor body that dealt with the climate matters back three years beyond that? How many years would that be? Two?

**Mr Hanlon:** That is the current department of agriculture. I can liaise with my colleagues there.

**Senator BARBARA POCOCK:** I know it was extensive. I would like the five-year period, thank you. How much are past and current contracts with EY worth for work on the safeguard mechanism? What is the value of them on safeguard in particular with EY?

**Mr Hanlon:** I will refer to my colleague.

**Ms Johnson:** We currently have four contracts with EY for the safeguard mechanism. Three relate to the development of advice relating to the development of international best practice values for new entrants under the safeguard mechanism. There are three separate contracts there relating to different sectors. For the mining sector, the contract value GST inclusive is \$67,320. For the oil and gas sector, the contract value is \$73,260 GST inclusive. For the manufacturing sector, the contract value is \$106,920 GST inclusive. We've also got a fourth contract to provide consistency checking against the department's framework for developing default production values and emission—

**Senator BARBARA POCOCK:** Sorry, can you repeat what that is?

**Ms Johnson:** Sure. The framework for developing default production variables and emissions intensity values. That contract value is \$55,050 GST inclusive.

**Senator BARBARA POCOCK:** So \$250,000 or \$300,000 or something like that?

**Ms Johnson:** Yes, approximately that.

**Senator BARBARA POCOCK:** The government refused to release its modelling behind the safeguard modelling. Was EY involved in advising on or shaping this modelling in any way?

**Ms Johnson:** No, EY had no involvement in the modelling that underpinned the safeguard mechanism reforms.

**Senator BARBARA POCOCK:** So no involvement in any aspect of the modelling?

**Ms Johnson:** In any aspect of the modelling; that's correct.

**Senator BARBARA POCOCK:** Do they have access to the modelling?

**Ms Johnson:** No, they do not.

**Senator BARBARA POCOCK:** Is it true, to your knowledge, that EY is a member of the Minerals Council of Australia, the Australian Energy Producers, formerly APPEA, the Business Council of Australia and the Queensland Resources Council?

**Ms Johnson:** I wasn't aware of the third one that you mentioned. But the other three, yes.

**Senator BARBARA POCOCK:** It was APPEA, but it's now Australian Energy Producers.

**Ms Johnson:** Certainly we're aware of Australian Energy Producers, the Minerals Council—

**Senator BARBARA POCOCK:** BCA?

**Ms Johnson:** BCA I'm not specifically aware of, but the Queensland Resources Council I was aware of. For those three—Australian Energy Producers, Minerals Council and Queensland Resources Council—it came to our knowledge in the safeguard team at the end of January that EY was a member of those organisations.

**Senator BARBARA POCOCK:** Do you agree that these industry groups represent Australia's fossil fuel companies and lobby the government on policy?

**Ms Johnson:** Certainly, they are the peak bodies we deal with in terms of the safeguard mechanism.

**Senator BARBARA POCOCK:** EY's transparency report, sadly, is one of the few pieces of open information that they publish about a range of things that EY does. We need to have much better transparency, in my view; however, I'm editorialising. EY says that their current client list includes Origin Energy, Santos, Beach Energy, BHP, BlueScope Steel, Brickworks. Are these companies that have facilities covered by the safeguard mechanism and use carbon offsets to meet their voluntary climate targets and obligations?

**Ms Johnson:** I can really only speak to the safeguard mechanism. But it is true that a number of those companies do have facilities covered by the safeguard mechanism.

**Senator BARBARA POCOCK:** All of them?

**Ms Johnson:** Yes. I think that's correct.

**Senator BARBARA POCOCK:** Does the department see a problem with EY on the one hand being engaged on work in relation to key climate change policies which rely on reducing the burning of fossil fuels and on the other hand representing clients who have a deep vested interest in the continuation of those industries for fossil fuels and the burning of fossil fuels?

**Ms Johnson:** I will talk you through the process that we engaged with EY before we engaged them to do this work for us. We asked them to provide written assurances to declare conflicts of interest, provide written assurances about how the internal conflicts would be managed and sign a non-disclosure undertaking relating to data used in the project. When we found out that EY was a member of these industry bodies, as I say, in late January, I immediately went to them and said that we would have preferred that they disclosed that as a potential perceived conflict of interest. We were comfortable that for the work they did, which was about considering best practice technology, identifying international facilities with the lowest EI and providing advice on technical Australian adaptations, there was no actual conflict of interest in this situation. But certainly we do consider it had the potential to be a perceived conflict of interest. I went to EY and said that we felt they should have disclosed that as a potential perceived conflict and to alert us as the department, as the client, as to how they were proposing to manage that potential conflict of interest.

**Senator BARBARA POCOCK:** What were the consequences for them for failing to declare a conflict of interest?

**Ms Johnson:** As I said, we're comfortable that there's no actual conflict. The work had been done by that time. The work had been delivered to us in the middle of December for those contracts—the best practice contracts and for all of those values. We then publicly consulted on the proposed international best practice values. We consulted on that between 15 December and 16 January so that all interested stakeholders had the opportunity for public consultation on the values that were developed as a result of EY's advice to us.

**Senator BARBARA POCOCK:** How are they now dealing, at your direction, with the conflict of interest that you describe as perceived? We don't know whether it's actual or perceived, but you describe it as perceived. How are they assuring the government and the Australian public that conflict of interest is being managed?

**Ms Johnson:** For both those three contracts as well as the independent consistency checking of the framework for the development of production variables and emissions intensity values, the substantive work on all four of those contracts has now concluded. But EY did say that they would make sure in future they declared such potential perceived conflicts of interest.

**Senator BARBARA POCOCK:** Do you have concerns about the public perception of this issue given recent history with the misuse of confidential information by staff within PwC? Do you think the standard right now needs to be higher to give confidence to the Australian public that this is being managed? I'm sure you've all heard the expression 'walking both sides of the street'.

**Mr Fredericks:** I will take that question. I think it is a legitimate concern that you are raising. We as a department are very conscious of our responsibilities here. I think in many ways the first part of the answer to your question, Senator, is that we certainly very carefully consider actual conflicts of interest. The point you make isn't easy utilising consultancy services where those consultancy services are very large and deal with lots of entities across the Australian community. The way our department approaches that is all guided by Department of Finance advice. It is on a case-by-case basis to understand actual conflicts of interest. I think that's an important first point to try to give some confidence. To your point: the perception issue is important. Again, I think that can be judged on a case-by-case basis. It's very clear in this instance that EY fell short. It's very clear they fell short. They accept that. I think my team acted quickly to pursue that to understand how EY would manage that perception. But it is something, I think, in fairness to you, that we all need to keep a very sharp eye on it going forward as well.

**Senator BARBARA POCOCK:** Mr Fredericks, did you come to this discussion about conflicts of interest with EY in January this year?

**Mr Fredericks:** I personally didn't, but I know it was as described. It was dealt with by the relevant line area and my senior executives.

**Senator BARBARA POCOCK:** At the beginning of this year?

**Mr Fredericks:** Correct, yes.

**Senator BARBARA POCOCK:** This is a year after the debacle within PwC and the monetisation of confidential information?

**Mr Fredericks:** Yes.

**Senator BARBARA POCOCK:** So a long way after sensitivities were raised.

**Mr Fredericks:** In fairness, I think that is reflected by the actions the team took. But it's a legitimate point.

**Senator BARBARA POCOCK:** When did those four projects finish? This is the last question I'm allowed to ask before I will come back later.

**Ms Johnson:** For the three international best practice values, we received those final reports on 15 December 2023. The work on the consistency checking finished more recently—within the last couple of weeks.

**Senator BARBARA POCOCK:** And you have no contracts remaining at present with EY? That is so I understand you absolutely correctly on that.

**Ms Johnson:** I would have to double-check that we made that final payment on the consistency checking.

**Senator BARBARA POCOCK:** Thank you.

**Senator NAMPIJINPA PRICE:** My line of questioning is with regard to the recent Environmental Defenders Office association with the Barossa gas project in the Northern Territory. Firstly, with regard to the funding that was provided, can someone please tell me—perhaps the secretary—what audits, evaluations and other forms of monitoring and measurement the department has undertaken to date in relation to the use of the \$8.3 million for the EDO?

**Mr Fredericks:** I will ask my chief financial officer to advise on that. I note that the grant itself was administered by the Business Grants Hub, which lives in the department of industry. So there are two responsibilities here.

**Mr Hanlon:** So two payments have been made to the EDO. There was \$2 million on executing the contract, and a further \$1 million has been paid in November this year. I will run through the process for you, Senator. The first milestone report was due on 31 October 2023 for the period covering 30 June 2023 to September 2023. A review was undertaken by the Business Grants Hub to assess progress against the milestones and activities and expenditure. On 16 November 2023, the first milestone report was considered satisfactory and recommended for the first progress payment to be made of \$1 million. One million dollars was paid on 23 November 2023. For the period up to 31 December 2023, there has been \$3 million in total, as I started with. In addition to the reviews on each milestone when they are paid, there's also an obligation to have an audited report annually completed.

**Senator NAMPIJINPA PRICE:** That's interesting. Is there anyone from the department seconded to the EDO? Are any department employees currently on leave without pay to work for the EDO?

**Mr Hanlon:** Not that I'm aware.

**Mr Fredericks:** Not to my knowledge, but I will take that on notice.

**Senator NAMPIJINPA PRICE:** I will go to the issue of the misconduct. Senator Wong revealed in question time last week that you have been asked to investigate whether the grant guidelines have been breached by the EDO. Has Ms Plibersek asked you to undertake any investigation into whether anyone from the department or the government more broadly was guilty of misconduct in this case? This is especially for those involved in the development and delivery of the grant funding. If so, have there been any consequences?

**Mr Fredericks:** I will take it first to make sure that we are sharp on what we are discussing. The only suggestions in the public arena about the misconduct are those that relate to officials of the EDO. That is what the Federal Court was referencing. I noticed you in passing reflected on any suggestions of misconduct by anyone else in government or the department. To my knowledge, there is no such allegation. To your point about the conduct in relation to EDO staff, as you correctly state, Senator, Minister Plibersek asked the department, through me, to do a review to determine whether any of the conduct by people in the EDO or the conduct of the EDO more generally is inconsistent or in breach of their agreement with the Business Grants Hub. That review has just commenced and is ongoing.

**Senator NAMPIJINPA PRICE:** Specifically regarding the case *Munkara v Santos*, you are suggesting that the individuals involved were related to the business hub, not the Environmental Defenders Office?

**Mr Fredericks:** No, Senator. Sorry if I've misled you. Those references by the Federal Court were in relation to personnel of the EDO.

**Senator NAMPIJINPA PRICE:** Are you aware of whether there have been any consequences for any of those individuals in terms of their misconduct?

**Mr Fredericks:** Well, we're not aware. At the end of the day, that's a matter for the EDO. What is a matter for us is to review whether there's any evidence or suggestion that the EDO has acted inconsistently with their grant agreement with the government. That is a review that is ongoing.

**Senator NAMPIJINPA PRICE:** So that review is currently underway, is it? When does this review come to its conclusions? When is it due—

**Mr Fredericks:** In due course, Senator. I don't have an exact time for when it will end. We're conscious that it's important that we get clarity as quickly as possible, so its best endeavour is to do it as quickly as possible.

**Senator NAMPIJINPA PRICE:** In that case, gross misconduct in this case was clearly being practised well before this final judgement. Are you able to explain why this was not picked up or acted upon by anyone in the department or government before the Federal Court judgement?

**Mr Fredericks:** Well, I think in fairness, Mr Hanlon described the process that the Business Grants Hub undertakes to make assessments on a relatively regular basis about the implementation of an agreement. That's what happened in this case. The standard processes were followed, as have been followed for many years now.

**Senator NAMPIJINPA PRICE:** Standard processes. So manipulating and using traditional owners is standard practice, is it? Is that what is understood to be standard practice? That is what it sounds like is being suggested.

**Mr Fredericks:** Sorry, Senator, if I misspoke. To be clear, the standard practices I was referring to is the standard practices that the Business Grants Hub utilise in order to determine whether the conduct of, in this instance, the EDO, as a contracted party to the Commonwealth, was appropriate.

**Senator NAMPIJINPA PRICE:** Since the announcement of the \$8.3 million grant, has anyone from the department or the government been present at any meetings between the EDO and Tiwi traditional owners?

**Mr Hanlon:** No. I manage the grant for the department. I've had no involvement. Our only interest with EDO is the grant. All actions relate to the grant and the grant only.

**Senator NAMPIJINPA PRICE:** So you have no practical first-hand insight into what is discussed?

**Mr Hanlon:** No.

**Senator NAMPIJINPA PRICE:** So everything is completely at arm's length? Are you aware of whether there has been any apology made by the EDO to those Indigenous Australians that were deliberately manipulated and misled? Has there been any effort to make up for this misleading of the TOs?

**Mr Fredericks:** I don't think we're aware of that.

**Senator NAMPIJINPA PRICE:** Are you aware of any changes that will be occurring to the EDO to prevent this from happening in the future?

**Mr Fredericks:** I think we would anticipate that, in the review that we are doing into the conduct of the EDO and whether it does amount to a breach or inconsistency with the contract, that would be an issue that is considered.

**Senator NAMPIJINPA PRICE:** Has the minister made any formal apology?

**Senator McAllister:** We expect every organisation that is in receipt of funding to operate with integrity. The government would expect that the issues raised in the judgement in the case you have referred to would be taken seriously by the organisation, the EDO. I think you know already, because Senator Wong answered some of your questions in the Senate, that Minister Plibersek has asked the department to examine whether the conduct is in accordance with the grant guidelines. The secretary has spoken to you about that. She has also written to the head of the Environmental Defenders Office confirming that she expects them to ensure there is no repeat of the behaviour that was evident in respect of the Federal Court case.

**Senator NAMPIJINPA PRICE:** With due respect, the buck stops with the minister. There is no suggestion at all that an apology has been made to the people of the Tiwi Islands for this misconduct. We're talking about investment into a community that belongs to some of our most marginalised Australians. We're talking about the EDO, which has gone in and deliberately distorted and misrepresented—they are the words—the words of the traditional owners. I have had reports from the Top End Aboriginal Coastal Alliance that suggest that they, representing the interests of their communities, have not been listened to or heard by the EDO. I have traditional owners from Maningrida and Daly River who will not associate themselves with the Environmental Defenders Office because, in their experience, the Environmental Defenders Office will pick one individual and use that individual for their own means. This, to me, is absolutely reprehensible. It is an activist organisation. It is funded by this government. Minister Plibersek has not provided an appropriate apology and, therefore, with that apology, a guarantee that this sort of conduct will not occur again in the future. That's what I'm getting to. Since this court case, is the letter that Senator Wong referred to in question time on 8 February the only communication the EDO has received from Minister Plibersek?

**Senator McAllister:** I will take that on notice, Senator, to see if there's anything else that is available. As I've indicated, the minister has done two things. She has written to the organisation indicating her expectations about conduct and behaviour. She has also tasked the department with initiating a review to assure herself that the organisation is in compliance with the grant guidelines.

**CHAIR:** I will have to rotate the call, if this could be your last question.

**Senator NAMPIJINPA PRICE:** Sure. In the grant guidelines, why is there essentially nothing prioritising the economic and social advancement of Indigenous Australians?

**Mr Hanlon:** In the eligible activities, it specifically includes legal information and legal assistance for Aboriginal and Torres Strait Islander people, communities and their community representatives and environmental groups. That is specifically called out in the eligible activities.

**Senator NAMPIJINPA PRICE:** Economic and social advancement?

**Mr Hanlon:** No. Legal information and legal assistance. The grant is based on providing legal support.

**Senator NAMPIJINPA PRICE:** That is not a priority, then. That's all I wanted to know. Thank you.

**Senator McDONALD:** I have further questions on the activities of the EDO, the Environmental Defenders Office, and seek to table a Facebook post where the EDO was invited to provide advice to members of the public. You should be receiving that now. We've seen the tactics of the EDO laid bare recently, with their conduct coming under intense scrutiny, leaving many Australians wondering why their taxes are funding this type of group. I will give you a minute to read that, Secretary, before I ask my question. We've had some discussions about the guidelines for organisations that receive grant funding. Secretary, is it allowed under the guidelines for organisations who receive taxpayer grant funding to engage in witness coaching?

**Mr Fredericks:** Senator, you've heard me and the team here give evidence that we are conducting with the Business Grants Hub a review of the conduct of the EDO and whether that conduct is in accordance with the terms of the funding agreement. I think the right thing to do is to allow that review to take its course. I don't feel it's right for me to prejudge that outcome now. It's a reflection of the seriousness with which we take the matter. We, of course, will report back on the outcomes of that review.

**Senator McDONALD:** Have you seen a copy of this Facebook post previously?

**Mr Fredericks:** I haven't, Senator, no.

**Senator McDONALD:** It's the first time you've seen it?

**Mr Fredericks:** It is.

**Senator McDONALD:** Will the department be reviewing similar social media posts? I assume that the review will be comprehensive in that nature and not just revolve around the actions of the EDO in relation to the court decision recently?

**Mr Fredericks:** Senator, that is an important question that I need to go away and consider. The review that Minister Plibersek asked us to carry out was directed to the actions of the EDO in the circumstances of this case. So it was confined to that. At present, that is the scope of the review.

**Senator McDONALD:** Given that has now been raised with you—and I've just provided one example; I imagine if we go through, we'll find other examples—how do you think that's best dealt with now?

**Mr Fredericks:** I think that's best dealt with, Senator, by us giving consideration to what you've provided. As I say, we're in Senate estimates. I don't feel it's right to make these decisions at this desk, so we will give proper consideration to the specific instance that you've given us to decide whether or not the review could consider it as well. I'm not predetermining that either, Senator.

**Senator McDONALD:** Without specifically referring to the EDO, is influencing witnesses something that the department would provide guidance to a grant recipient on?

**Mr Fredericks:** At the end of the day, the department's responsibility is to—this has always been the case, I should say—develop grant guidelines that set out the purposes for which funding can be provided for so-called eligible activities. It does provide them in a reasonable degree of detail, but it does not get down to the level of specificity that you've just described. That's the department's responsibility. After that, it is the responsibility of the Business Grants Hub that sits in the department of industry to give consideration to compliance with that agreement as funding is provided to the EDO.

**Senator McDONALD:** Minister, do you believe that it's appropriate to provide taxpayer funds to an organisation that engages in witness coaching?

**Senator McAllister:** I think I made clear the minister's response to this. The minister expects that every organisation that receives funding will operate with integrity. She has, as I indicated to Senator Nampijinpa Price, written to the EDO to communicate that view. She has also, as indicated, asked the department to examine more broadly whether the organisation is in compliance with its grant agreement.

**Senator McDONALD:** I have another example of actions from the EDO that I don't think would pass the standards set by Australians for how their taxpayer funds are spent. I'm not able to bring that to you today. I am concerned that this review is too narrow in its scope. We've now got an example of social media activities. The other one I will bring forward is also outside the courts and that specific court decision and those activities. I am raising a number of additional issues on the EDO's activities. I am concerned that if action is not taken to include them in the review rapidly, this will drag out over a protracted length of time and further undermine taxpayers' satisfaction in how grant money is being distributed to an activist organisation. I ask you to convey to the minister that the review does need to be expanded as a matter of urgency.

**Senator McAllister:** I think—

**Mr Hanlon:** Would you like me to answer that?

**Senator McAllister:** Yes, thanks.

**Mr Hanlon:** We'll take that on board. For clarity, activities that can't be funded—so can't be expended on the grant; I am interpreting this live—is fundraising and marketing activities, law reform and public policy, development and debate activities. That's what I'm reading into this on first glance. We will take that on board. We will make sure that the funding we are providing, which is not the total funding, obviously, for the EDO, is not being directed to those activities.

**Senator McDONALD:** Those activities are obviously not witness coaching. Some of the other examples Senator Nampijinpa Price raised. I appreciate that they are outside the black letter guidelines. Now that they are being raised, it must be investigated. I'm looking for an assurance that the minister will direct the department to investigate these kinds of matters.

**Senator McAllister:** Senator, I think if you do have information that you consider relevant to a review of compliance, you could consider providing it. The means to do that are obviously through this committee or directly to the minister herself. It's obviously difficult for officials to comment on matters where you are yet to bring forward any specifics.

**Senator McDONALD:** Specifically, let's keep it to this social media activity. I think that in itself raises some serious concerns.



**Senator McAllister:** I think the secretary took on notice your question as to whether or not these matters would be contemplated by the review and would be relevant to the review.

**Mr Fredericks:** Just to be clear, I will take that on notice. As the minister has said, if through these processes there's anything else on notice that you want to draw to our attention, we welcome that too.

**Senator McDONALD:** Alright. Thank you. This is my last question. Obviously the guidelines weren't written to take into account activities that would fail the expectations of Australians about what a taxpayer funded organisation would be doing. I'm concerned that the guidelines themselves may not be broad enough and they don't cover off on activities that are unethical and shouldn't be funded by taxpayers.

**Senator McAllister:** Senator, I think the secretary has indicated a reluctance to pre-empt the findings of his review. You have drawn your own conclusions. But a review is underway. We are not in a position to pre-empt that.

**Senator McDONALD:** I appreciate that. I guess my point is that the review wouldn't cover investigating this kind of matter. Now that it has been raised, I'm very optimistic that there will be a further expansion of the review to consider other activities that the EDO is undertaking.

**Mr Fredericks:** I want to be clear that I will give that consideration. I'm not pre-empting a decision on that. I am taking your question on notice.

**Senator McDONALD:** Thank you.

**CHAIR:** I will provide a momentary update. Obviously, we are running over on corporate matters, which is a very lovely way to start the day. We do believe that we are going to shore things up as we go. For anyone out there with a slot later on, don't panic just yet. We will now go to Senator Pocock.

**Senator McAllister:** Chair, before Senator Pocock asks her questions, I think Ms McCulloch has an update to what I think was the last question asked by the senator in her previous block of time.

**CHAIR:** Excellent. Thank you.

**Ms McCulloch:** Senator, you asked about whether EY still had contracts with the department. We currently have three active contracts with EY valued at about \$1.2 million.

**Senator BARBARA POCOCK:** Three active contracts to the value of \$1.3 million?

**Ms McCulloch:** To \$1.2 million.

**Senator BARBARA POCOCK:** Can you elaborate on what they are for?

**Ms McCulloch:** The contracts?

**Senator BARBARA POCOCK:** Yes.

**Ms McCulloch:** Climate Active member verification program, consistency checking of production variables and emission intensity values and electricity market modelling services.

**Senator BARBARA POCOCK:** Thank you for clarifying that. I would have walked out of this committee with a very imperfect picture of the reality.

**Mr Fredericks:** Just to be clear, that's why we wanted to clarify it for you.

**Senator BARBARA POCOCK:** Yes. I appreciate that. Thank you for clarifying. It's much appreciated. For those following along at home, our questioning already today has established that EY has held four contracts with the department of climate change to the value of \$300,000 all in relation to the safeguard mechanism. There was no declaration of a conflict of interest in relation to those projects. Three related to international best practice in mining, oil, gas and manufacturing and a fourth of technical adaptations. We now hear there are three other projects with EY at present. Could you provide details on notice—I don't want you to do it now—of exactly what those projects are doing?

**Mr Fredericks:** Yes.

**Senator BARBARA POCOCK:** I am an experienced researcher. I'm sure there are plenty in the room. Fossil fuel companies will have preferences—

**Ms McCulloch:** Senator, I want to clarify. There are five contracts in total. Three are active and two have completed. In total, there is five.

**Senator BARBARA POCOCK:** Two have completed. The two that have completed are?

**Ms McCulloch:** The safeguard one that you have been referring to.

**Senator BARBARA POCOCK:** And the technical adaptations. Thank you. I'm sorry; I had that wrong. When you go to a project like what is international best practice in relation to safeguard mechanism and all those processes for those kinds of industry, fossil fuel companies will have preferences between different types of international mechanisms. There is scope in a review by EY or whoever for bias and for reflection of the industry's preferences in constructing that kind of review. I just use the example of the right to disconnect. There's lots of international models of a way in which you can disconnect from work. Some of them are suasion and policy. Others are an enforceable right. Employers have a preference for one end of that spectrum and employee organisations will have the other. It is possible to politically construct an outcome, a product, which leans one way or the other and reflects the preferences of the group that you have a conflict of interest with. Just to be completely explicit, EY has very large, extended relationships with a range of fossil fuel companies and yet here it is certainly with a political piece of research. Having heard, as you have very late in the piece, near the end of at least two of those projects that there were conflicts of interest that EY failed to produce—well after the horse has bolted we have heard about these conflicts of interest—what steps have you taken, if any, to independently review those reports and test them for bias or for possibly reflecting pro-fossil fuel preferences in policy options?

**Ms Johnson:** I will talk you through the work that EY did for us on the international best practice. As we said, there are three different contracts. Mining, oil and gas and manufacturing were done separately. They all contributed to us then publicly consulting on around 20 values. I will use oil and gas as a specific example. We got EY to consider the world's best technical practice in terms of things such as LNG processing—

**Senator BARBARA POCOCK:** That's not my question. I understand what a best practice review looks like. My question is: now knowing about a serious conflict of interest, what steps have you taken to independently review that there hasn't been bias in the interests of EY clients in this work?

**Ms Johnson:** Thank you, Senator. I will talk through the other two important parts of the advice that EY gave us. It was to identify facilities with the lowest EI globally.

**Senator BARBARA POCOCK:** EI? Can you explain?

**Ms Johnson:** Sorry, emissions intensity and our values for that particular industrial process. That is a really factual thing. They looked around the world, for example, for some production variables. They identified that two Norwegian facilities, for example, had the lowest emissions intensity for that industrial process. That is something that the department could look at. It could look at the data they were providing us. You would be aware of the national greenhouse and energy reporting scheme data that we as the department and the Clean Energy Regulator have access to, which looks at the same emissions intensity values for, for example, Australian facilities as well.

**Senator BARBARA POCOCK:** Thank you, Ms Johnson. Why is this work, such basic work, conducted by EY as opposed to departmental personnel?

**Ms Johnson:** So it was important for us, Senator, to have that capacity to look internationally when we—

**Senator BARBARA POCOCK:** You can look internationally. How many staff have you got?

**Mr Fredericks:** Senator, with the greatest respect—

**Senator BARBARA POCOCK:** It's a fair question.

**Mr Fredericks:** A completely fair question. Ms Johnson deserves a fair chance to answer it without being interrupted. These are important matters. They are not easy, in fairness to you. This is a very complicated area, this world of safeguard mechanisms. I think you can trust that Ms Johnson is doing her best to give you the answer.

**Senator BARBARA POCOCK:** I asked Ms Johnson to stick to the point, though, because I have a chair on my back and I have limited time.

**Mr Fredericks:** Understood.

**Senator BARBARA POCOCK:** I just want to cut to the heart of the issue. Thank you. Thanks, Ms Johnson.

**CHAIR:** Let's give Ms Johnson a chance to answer the question.

**Ms Johnson:** Effectively, we looked at the values that EY was able to provide us for those international facilities, which are specific numbers. We compared them to the domestic top 10 per cent of production. These are looking at particular years across the last five years. It is a very technical look across the numbers. The final thing EY did was provide us advice on whether or not the emissions intensity values needed to be adapted for Australian conditions. That is thinking about climate in terms of LNG processing and thinking about geology. There are published guidelines. EY's advice fell against the published guidelines, which were published on 15 December, of how we would calculate these international best practice values. We took EY's advice. We worked through that with them and the other data sources we have. We also have access to a Wood Mackenzie data set

that we also looked at to check EY's advice. We made the calculations of the figures. We publicly consulted on those figures, allowing all interested parties, including environmental stakeholders as well as other interested parties, to provide us feedback on those proposed values. It was really that step of QA-ing what we got from EY, and working through it against our own Australian data sets. At times, Australian data was actually international best practice. So Australia's top 10 per cent represents world's best practice. We were able to make that comparison against the numbers and then publicly consult on those values. That is what gave us the sure answer on that.

**Senator BARBARA POCOCK:** Thank you, Ms Johnson. Will the department continue to contract with EY given that they have breached their obligation to notify a conflict of interest?

**Mr Fredericks:** Senator, as you know, we will determine that on a case-by-case basis. Our obligation always is to contract for value for money. It's not possible for me to predetermine an answer to that question; it wouldn't be right. But the consideration you've raised and the circumstances that we've now experienced will be highly relevant.

**Senator BARBARA POCOCK:** So a case-by-case basis. You are referring to project by project. You are not referring to entity by entity. This entity has breached, I would think, a very foundational principle, which is a conflict of interest. Conflict of interest discussions are very live across our public sector, as they should be at present—

**Mr Fredericks:** Yes.

**Senator BARBARA POCOCK:** and yet you are not considering it in relation to an entity on a case-by-case basis; it is project by project. Why is that?

**Mr Fredericks:** It's contract by contract. As you would expect us to do, we will apply the Commonwealth procurement guidelines. I will do nothing more and nothing less than that. They require us on a contract-by-contract basis to consider tenderers, to consider that against value for money and the other principles that will apply, in the discussion that we're having. What we have learned in this particular case can be and will be relevant to those considerations.

**Senator BARBARA POCOCK:** Have you considered withholding any payments from EY out of any of those projects or future projects so there is at least a bit of a sting in financial terms for such serious misdemeanours?

**Mr Fredericks:** We haven't considered that at this stage.

**Senator BARBARA POCOCK:** Why not?

**Mr Fredericks:** Because the judgement that has been made by the team in this instance is that there was an absence of a reflection of a perceived conflict. There was no actual conflict. As Ms Johnson has described, there was a great deal of further input into this consideration on the quality and nature of advice that EY provided. So I'm very happy to take that on consideration.

**Senator BARBARA POCOCK:** Thank you, and thanks for your answers, Mr Fredericks. Are any EY officials on secondment in the department at present, in internships, secondments or any other form of placement? The reason I ask is that I hear repeatedly from insiders in the big four that they have a predatory relationship of placement at times.

**Mr Fredericks:** Yes.

**Senator BARBARA POCOCK:** They are placing people. Not so long ago, we heard evidence of exactly such misdemeanour in the department of agriculture, your precursor body, where there was the active solicitation of new projects. Do you know whether you have anyone inside your department on any of those bases from any of the big four, especially EY?

**Ms Ward:** I would have to take that question on notice.

**Senator BARBARA POCOCK:** Thank you. Do any EY personnel or other big four personnel have access cards to enter the department unaccompanied?

**Mr Fredericks:** I think we'll need to take that on notice.

**Senator BARBARA POCOCK:** Thank you. I look forward to that.

**CHAIR:** Do you have much more?

**Senator BARBARA POCOCK:** Just a couple of quick ones. What protocols does the department have in place to ensure that no external officer can suggest, enable or generate a contract of work to departmental officers?

**Mr Hanlon:** The department uses the mass panel, the mandatory panels set up by the Department of Finance. That is the process we use to go to tender. Direct approaches can happen—people can contact us—but we go through the panels.

**Senator BARBARA POCOCK:** Do you ever let contracts without tender or contract extensions of significant size?

**Mr Hanlon:** There would be circumstances where it would be prudent to do a limited tender; I think that is what you are getting at. That is still through a panel. There could be instances where we might direct source on specialty type arrangements. They are generally scientific. A lot of our consultancies aren't with the big four. Most of our consultancies are with CSIRO or specialist environmental climate people. The answer is if it generally was with the big four, we would go through the tender panel. If it were a specific item where there is limited speciality in the country, we might go direct tender; that is the general answer.

**Mr Fredericks:** Just to be clear, when we did that, we would only do it consistent with the Commonwealth procurement guidelines as well where that is permissible and in the circumstances that requires.

**Senator BARBARA POCOCK:** Great. Thanks for all your answers. Thanks, Chair.

**Senator DUNIAM:** Mr Hanlon, you mentioned earlier the conversation between the department and the EDO around the agreement. You agreed to take on notice the various iterations that may have been transmitted between the two entities that were party to this conversation. Were the minister or her office party to these discussions?

**Mr Hanlon:** No. They weren't.

**Senator DUNIAM:** Was any information ever provided to the minister or her office in relation to those conversations?

**Mr Hanlon:** With the EDO, I don't recall. I will answer the first bit. We were very conscious from the beginning to keep distance between the department managing this grant and the minister's office. So from day one, we were very clear that we would have a space between the two. I can take on notice, but I don't recall, talking to the minister's office about any changes to any guidelines at all.

**Senator DUNIAM:** Please take that on notice. I find it passing strange that an election commitment—something that the now government went to the Australian people and sought a mandate for—somehow gets put into the black box of the bureaucracy and then that's it, it's just administered and there's no interest in what it looks like or what it ultimately might be by way of agreement.

**Ms McCulloch:** I will respond. The arrangement that the department has with the EDO is a purely financial arrangement under the grant agreement.

**Senator DUNIAM:** Indeed.

**Ms McCulloch:** We do not engage with them on anything related to the work they do or the legal matters they engage in. The minister has absolutely no involvement in any of those things either. That's correct probity and correct procedure to ensure that the conduct of the EDO is sufficiently arm's length from government. Our arrangement with the EDO is purely financial.

**Senator DUNIAM:** Thanks for that, Ms McCulloch. My question was not about probity. It was about whether there was a conversation with the minister's office.

**Ms McCulloch:** I was just clarifying for you that there is quite a deliberate arrangement to keep it arm's length from the minister's office.

**Senator DUNIAM:** That is not unclear to me. That is not in question at all. I am asking whether there was a conversation between the minister's office and the department. Mr Hanlon has sought to take on notice whether any conversation, communication, briefs or any other information was provided to the minister's office or the minister directly. Indeed, I would be interested if there were any return information.

**Senator HUGHES:** I want to make a clarifying point, Senator Duniam. Mr Hanlon, in the previous answer, you were talking about the guidelines around the grant. I believe Senator Duniam asked you about any other additional activities. Just listening here, it would seem that, as Ms McCulloch has told us, there is no oversight of the activities and observing of whether or not they are acting within the guidelines. I am confused here. Are we handing them a blank cheque to go and do whatever they want because we're just financial, or are they working within a set of guidelines? The answers would appear to be contradictory.

**Mr Hanlon:** I will answer both questions. First of all, I have never spoken to the minister about the EDO.

**Senator DUNIAM:** No-one in your team?

**Mr Hanlon:** Never. Not to the minister directly. I can confirm that.

**Senator DUNIAM:** Or her office?

**Mr Hanlon:** I have spoken to her office. I recall when I spoke to the office. I recall having two conversations. One was being asked to confirm the funding amounts. The other was just an update on whether we had executed the grant.

**Senator DUNIAM:** That's it?

**Mr Hanlon:** That's all I recall, but I will go and check.

**Senator DUNIAM:** Please. On notice, or you might be able to do it now, I want to know who sought to confirm the funding amount—you or the minister's office?

**Mr Hanlon:** The minister's office.

**Senator DUNIAM:** Do you want to go to the second part?

**Mr Hanlon:** I will go through the process I mentioned earlier. I am not sure whether you were here for that.

**Senator HUGHES:** I was. That's why I am confused. There is on the one hand very strict guidelines. Senator Duniham specifically asked what were additional activities. Had they been discussed? Had there been any granted? Ms McCulloch has just chimed in to answer a question to say, 'No. We just give them money. They do whatever they want.'

**Ms McCulloch:** No, Senator.

**Senator HUGHES:** They are at arm's length. If you are just giving them money and it is a financial agreement at arm's length—

**Ms McCulloch:** Yes.

**Senator HUGHES:** then you're not having much oversight from an arm's length of what they are doing.

**Ms McCulloch:** Senator—

**Senator McAllister:** Senator, I wonder if the officials may be able to step through the process. I do think that the senators asking questions would benefit from an understanding of the different roles played by the department and the Business Grants Hub for this and many other grants that are in the department's budget allocation.

**CHAIR:** I think that would be very useful, Minister.

**Mr Hanlon:** The first milestone payment was due—

**Ms McCulloch:** The process.

**Mr Hanlon:** To make a milestone payment, the EDO has to put in a report to advise what expenditure they've expended against and the activities, which has gone to the Business Grants Hub. It is reviewed by the Business Grants Hub. They will assess whether they believe the grant conditions have been met. If the grant conditions have been met, they will recommend to the department to make the payment. That's the process. There's also an annual audit of that as well.

**Mr Fredericks:** I will assist. In fairness to you, I understand why you are asking the question. This system hasn't changed, by the way, for some years. It is the Business Grants Hub in the department of industry that oversees the contractual arrangement. It is the entity that is responsible for the sort of oversight that you described. The reason why Ms McCulloch said what she said is that, as the department of climate change, we essentially contract the Business Grants Hub to manage the grant. So we get appropriated the funding. We provide it to the Business Grants Hub in the department of industry. The Business Grants Hub then enters into the agreement and is responsible for the management of the agreement.

**Senator HUGHES:** I will hand back to Senator Duniham. I think it is all very concerning.

**Senator DUNIAM:** My questions are around how we established what the parameters are, not the arrangements beyond that. I appreciate that clarification. On that, I assume that as part of establishing what the parameters are, the milestones are set down as part of this agreement?

**Mr Hanlon:** Correct.

**Senator DUNIAM:** Who has input into the determination of the milestones?

**Mr Hanlon:** As in how often they were set?

**Senator DUNIAM:** How often? Is it the content? Are you able to table the milestone requirements?

**Mr Hanlon:** I can take that on notice. I do actually have that. I will have to check. It is a commercial contract, so I need to ensure that I'm not breaching any legalities for our department because it is a contract.

**Senator DUNIAM:** You would have to make a public interest immunity claim to not table such information.

**Mr Hanlon:** I'm not saying that I won't, Senator.

**Senator DUNIAM:** I understand. Take it on notice. I look forward to the response.

**Mr Fredericks:** We also need to consult the Business Grants Hub as well. It is a tricky thing when we have this agency arrangement.

**Senator DUNIAM:** Yes. You are aware of it.

**Mr Fredericks:** It has been a long time in existence.

**Senator DUNIAM:** Yes. It was a delight to deal with. Were those milestones subject to the conversations that we talked about before?

**Mr Hanlon:** I would have to take that on notice, Senator. From memory, because it was a set amount per year, we've split the amount in half and have six-monthly milestone payments. That's my recollection. I will go and check. I don't recall having a conversation about changing that, but I will have to check that for you.

**Senator DUNIAM:** Ms McCulloch, do you have something to add?

**Ms McCulloch:** I was just going to say that it is a standard practice for the milestone payments to be specific to the grant agreement. As Mr Hanlon just said, it was a fixed amount for a fixed period of time. You would normally have a conversation with the applicants about the milestones. It would depend on the nature of the grant as to when those milestones were set.

**Senator DUNIAM:** Yes. I guess that's what I'm trying to get to. Those milestones have specific action items required in each payment period at each milestone. Is that right?

**Mr Hanlon:** It's against the eligible activities laid out previously, yes.

**Senator DUNIAM:** Okay. On notice, I want any further information you can provide to me on that. I want to go back to the process we had. This might be for you, Minister. There was an election commitment. We didn't really get an answer around the value, quantum and scope based on what was set out in the election policy. Once you are in government and it was part of the October 2022 budget, it obviously went through the ERC cabinet processes, I presume?

**Senator McAllister:** As part of the ordinary processes.

**Senator DUNIAM:** It includes all of those. Is there approval by everyone who sits around the cabinet table et cetera?

**Senator McAllister:** It was part of the processes of putting the budget together, Senator.

**Senator DUNIAM:** Minister, you might have to take this on notice. Has anyone expressed concern to the minister from within government about the administration of this grant?

**Senator McAllister:** I'm not aware of that, Senator.

**Senator DUNIAM:** Could you on notice please find out whether any member of the Albanese government has expressed concern? If so, who? When was concern expressed about the work of the EDO and the fact that the government is funding it?

**Senator McAllister:** I'll take it on notice.

**Senator DUNIAM:** Thank you. That is to both the minister and the Prime Minister and their offices. I want to go to the issue of the review. I want to understand—

**Senator McAllister:** Within this portfolio, I can take questions in relation to our own department and our own ministers. I can't take questions on behalf of the Prime Minister. I think there is an estimates running at present where you can ask questions about the Prime Minister.

**Senator DUNIAM:** Later on today, indeed. It might be helpful. If you don't want to, that's fine. I will go to the review we were talking about a little earlier. You received a request from the minister on what date, Mr Fredericks?

**Mr Fredericks:** I did.

**Senator DUNIAM:** On what date?

**Mr Fredericks:** I think it was late in the week before.

**Ms McCulloch:** Yes. I think it was Friday week ago.

**Mr Fredericks:** I will take it on notice.

**Senator DUNIAM:** Yes, sure. Is the letter publicly available?

**Mr Fredericks:** It is an email to me from the minister's chief of staff. I will take it on notice.

**Senator DUNIAM:** If you can table that and take it on notice.

**Mr Fredericks:** I will take it on notice.

**Senator DUNIAM:** Did that email set down the terms of the review?

**Mr Fredericks:** It was just a generic request to give consideration to a review of the conduct of the EDO in the circumstances presented and to ask whether an assessment or review of that conduct is consistent with the grant agreement.

**Senator DUNIAM:** Then it is up to you to determine the scope of the review?

**Mr Fredericks:** Well, at the moment, to be frank, I've been asked by my minister to do a review. In fairness to her, she has defined the scope of that review. I regard myself as answerable to that. I have had the conversation with various senators about other issues that could be raised in a broader context. I have said that I will give consideration to that on notice.

**Senator DUNIAM:** So you've not determined the scope of the review yet?

**Mr Fredericks:** As I said, the scope of the review is known and we have described it. It was that which Minister Plibersek requested.

**Senator DUNIAM:** So the scope was in the email. I must have misheard you. I thought you said it was a generic email.

**Mr Fredericks:** Yes.

**Senator DUNIAM:** But there is a scope contained in the email?

**Mr Fredericks:** By definition, because she asked me to review whether the conduct of the EDO, as described and as was currently in the public domain in relation to the Federal Court decisions, was consistent with the contract.

**Senator DUNIAM:** You are now considering whether to add in other things on notice?

**Mr Fredericks:** I'm considering it on notice.

**Senator DUNIAM:** So the scope is undefined? It could be inclusive of anything we table here today?

**Mr Fredericks:** Well, the scope is presently defined. As a consequence of this estimates hearing, I have given a commitment to consider it further on notice, as I said, without predetermining that position.

**CHAIR:** You have raised an issue and the secretary is going to consider it.

**Senator DUNIAM:** And what was defined is no longer defined.

**CHAIR:** It's still defined.

**Mr Fredericks:** It is absolutely defined. In deference to your colleagues, I have said I will—

**Senator DUNIAM:** Which I applaud you for, Mr Fredericks. It is wonderful.

**Mr Fredericks:** on notice without any predetermination, Senator.

**CHAIR:** On that point, Senator Duniam, we will move on.

**Senator DUNIAM:** I have plenty more.

**Senator ROBERTS:** Thank you all for appearing here today. The Australian National Audit Office said in January:

DCCEEW—

the department of climate change—

reports annually on progress towards targets, however is unable to demonstrate the extent to which specific Australian Government policies and programs have contributed or are expected to contribute towards overall emissions reduction.

I find that incredible. We've got huge detrimental impacts of solar and wind on energy. We've gone from the lowest to the highest cost electricity producers in the world. There are huge impacts on costs of living, inflation, groceries and everything. Energy control has a part to play in everything in our society. Our security is being undermined. International competitiveness is being undermined. We have had huge environmental protests and damage in North Queensland.

**CHAIR:** Can I stop you there, Senator Roberts, for a moment. I'm not sure that we're quite in corporate scope here.

**Mr Fredericks:** Senator, the answers you are after are in outcome 1. The questions were to start at 9.30 am, so you would be forgiven for thinking we are into outcome 1. We are still in corporate.

**Senator ROBERTS:** I will be back.

**Mr Fredericks:** It is up to you, Chair. We could deal with it now if you wish us to.

**Senator McAllister:** It really depends on the particulars of Senator Roberts's questions. There are some matters in its statements to date that could be dealt with here. But, if it's particularly about technologies and the operation of the electricity system, I think that would be later in the day.

**Mr Fredericks:** All of the reporting you refer to is in outcome 1.

**CHAIR:** We also have questions from Senator Cadell on a similar topic of the ANAO report. We were going to clarify. Do you want to clarify where your questions go very briefly so we can make a decision about whether we deal with it now or whether we bounce it on to later?

**Senator CADELL:** I am informed that it goes to the management of the department. If you are happy to take that into one, I'm happy to leave it until one as long as you don't say, 'You should have asked that in corporate.'

**Mr Fredericks:** No. Any questions you ask we will endeavour to answer.

**Senator ROBERTS:** So outcome 1?

**Mr Fredericks:** In outcome 1, yes.

**Senator ROBERTS:** See you then.

**Mr Fredericks:** I don't think we're very far away from it, though.

**CHAIR:** Don't jinx us.

**Senator BARBARA POCOCK:** EY has a current tender with the department for \$900,000 to carry out Climate Active member verification. Can you explain very briefly what that means?

**Mr Fredericks:** We will need some personnel relevant to that.

**Mr Johnston:** The contract with EY is essentially an auditing compliance function. We give them, based upon a risk assessment, an annual list of Climate Active member submissions and ask them to review them as part of our compliance and good governance function. They don't provide any advice to us on use of offsets or policy or any of those realms.

**Senator BARBARA POCOCK:** So it's verification. A number of Climate Active certified members are also EY clients. Was this considered a conflict when this tender was awarded to EY? How is this conflict being managed?

**Mr Johnston:** I can come back on notice with some more information about how we deal with that specifically. Certainly where we identify or they identify independence conflicts, they engage a subcontractor to conduct the verification process independently.

**Senator BARBARA POCOCK:** So you are confident there is no EY oversight of any EY personnel or people related to clients or EY?

**Mr Johnston:** We are confident, but we will double-check that and come back to you on notice.

**Senator BARBARA POCOCK:** I'm just conscious that the background to this entire discussion is the fact that they already had an inappropriate conflict of interest and had not declared it. Climate Active also has a registered consultant component, where private consultants receive training on how to create a carbon account and carry out the technical aspects required for climate action certification. These consultants are then promoted on the Climate Active website. It appears a number of EY employees are promoted as registered consultants by Climate Active. This would mean EY is currently being paid by businesses to carry out the accounting and paperwork for Climate Active certification and by the government to verify certification. Is that correct?

**Mr Johnston:** I think we can come back with information on notice about this. I think the main point is that the same people don't do both of those tasks.

**Senator BARBARA POCOCK:** Same people but same company?

**Ms Evans:** I think we do need to take these questions on notice. You are raising very good questions. We need to have a close look at it so that we can answer you accurately. I don't think we've actually come prepared today to be able to answer those questions.

**Senator BARBARA POCOCK:** That is a pity.

**Ms Evans:** I acknowledge that.

**Senator BARBARA POCOCK:** Because you do have an issue, clearly, with EY. I have found an instance for a business called Pinnacle Drinks where EY staff carried out a technical assessment for the business seeking



Climate Active certification and then EY carried out the third party validation on behalf of the government. Can you explain how this is not a conflict of interest?

**Ms Evans:** Senator, we will have to take it on notice to confirm what you are saying and then come back with our response.

**Senator BARBARA POCOCK:** Thank you, Ms Evans. I look forward to that response from the department. Just to be clear, EY's commercial services are being promoted by the government, which is extraordinary in view of their recent misdemeanours, through its Climate Active registered consultant program. EY is also being paid by private businesses to assist with their Climate Active certification. It is also being paid by government to carry out verification for Climate Active. This is a really serious question of conflict of interest piled on established conflict of interest, is it not?

**Ms Evans:** Senator, again, we need to look into what you are proposing. Prima facie, it's legitimate for us to publish a list of people who we feel are appropriately qualified to do a certain task for Climate Active members. It is also appropriate for us to have a process through which we are independently verifying the claims made by Climate Active members. We will take on notice to check the relationship between those things and reassure ourselves that the way it is operating is not creating any conflicts. We understand the line of questioning that you are asking. We will take it very seriously to look at it.

**Senator BARBARA POCOCK:** Thank you very much. What happens to an employee in the department, Mr Fredericks, if an employee is found to have breached a conflict of interest?

**Mr Fredericks:** We would always follow the usual code of conduct proceedings. They are processes which the APSC prescribes to us. It will vary case by case. There are standard Public Service processes to deal, as you know, with misconduct.

**Senator BARBARA POCOCK:** If a conflict of interest is established, Mr Fredericks, can it end in dismissal?

**Mr Fredericks:** In the generality, dismissal is one of the options available in the instance anywhere in the Australian Public Service where a breach of the code of conduct is established. Of course, as a sanction, it will depend on a range of factors.

**Senator BARBARA POCOCK:** I invite your comment, Minister. I am really concerned about no consequences for EY despite an established conflict of interest and ongoing contracts which have the real possibility certainly of perceived conflict, if not actual conflicts, of interest. We have work going out to EY that is clearly core work of the department. We are not building the capability. We are using a body that has serious misdemeanours on the books already. What is your view about how this chapter looks?

**Senator McAllister:** There are a couple of things, Senator. The first is that we do expect everyone who works for the government to take the obligations in relation to conflicts of interest seriously. I think in your exchange with Ms Johnson earlier, she indicated to you that upon identifying a perceived conflict of interest, the department took a series of steps, which included speaking to the consultant about their expectations and satisfying themselves that there were no issues with the quality of the product or the work that had been undertaken. More generally, the government is committed to re-establishing public sector capability. I don't think you and I would disagree that over a long time there were a range of core functions that were outsourced in ways that were unhelpful for public sector capability and not in the national interest. We are determined to restore them. The department over the period we've been in government has received significant additional resources to build up its own capability. That process is ongoing. You have asked me specific questions about the way conflicts or potential conflicts have been handled in quite specific ways in this program. The officials have undertaken to examine them and to assess whether or not the information you have provided is accurate and any other context. That seems appropriate and sensible to me. As a general proposition, of course we want any contracted work that is engaged by this department to be undertaken in an entirely proper way. That means ensuring that conflicts are surfaced and managed.

**Senator BARBARA POCOCK:** The taxpayer watching this might think a public servant has the possibility, if they have a conflict of interest that they exercise, of losing their job. EY has had a conflict of interest it failed to declare and it has suffered no consequences. It has multimillion-dollar contracts with the department flowing afterwards. So there are serious questions here as well as the specific. I look forward to those answers. Thank you, Minister.

**CHAIR:** Thank you. I encourage people to consider whether they have any questions that can be placed on notice. We have three more senators requiring questions in this section. We are significantly over time. Obviously ask what you will. If there is anything you can put on notice, I am sure we would all be very grateful. We will go to Senator Nampijinpa Price.

**Senator NAMPIJINPA PRICE:** Thank you very much. I will try to get through my questions as quickly as I can.

**CHAIR:** Thank you.

**Senator NAMPIJINPA PRICE:** I will go back to the conduct of the Environmental Defenders Office. The legal cost involved to the Santos project, and the fact that it has been upheld, has been reported to be \$800 million. The fact is that it deters investment into the Northern Territory, the place where our most marginalised exist. The cost to the marginalised community is the lost opportunity for economic independence and jobs in communities. This government regularly highlights the importance of listening to Aboriginal Australians and working with them as opposed to not doing things to them. The Environmental Defenders Office has effectively gone ahead and trashed this approach. The minister has not yet apologised. Will the minister apologise?

**Senator McAllister:** Senator Nampijinpa Price, I have indicated to you the steps that the minister has undertaken. They are to set out her expectations in a letter to the organisation and undertake a review, which is ongoing. I think more generally you allude to the importance of having a predictable regulatory framework for a whole range of environment decisions. The minister, of course, is responsible for, in many instances, making determinations around environmental questions. One of the reasons that we are undertaking the law reform process that we are undertaking is to give applicants and communities more certainty about the operation of the law and to allow decisions to be taken.

**Senator NAMPIJINPA PRICE:** So there will be no apology, in other words?

**Senator McAllister:** Senator Nampijinpa Price, I've indicated to you the approach that the minister has taken.

**Senator NAMPIJINPA PRICE:** And there will be no apology, evidently?

**CHAIR:** If you have a question directly for the minister who is not at the table, perhaps you can take another approach and write to her.

**Senator NAMPIJINPA PRICE:** It's very appropriate for me to ask questions of the minister. It is her responsibility. The buck stops with the minister. Therefore, I will conduct myself in this way.

**CHAIR:** It is merely a suggestion, Senator Nampijinpa Price.

**Senator NAMPIJINPA PRICE:** Thank you for your suggestions. Within 6.2 of the assessment criteria on the capacity, capability and resources to deliver the project, part (b) outlines culturally appropriate engagement with Aboriginal and Torres Strait Islander people and their representative organisations in the justice and legal assistance service sectors. Can someone from the department please explain exactly what 'culturally appropriate engagement with Aboriginal and Torres Strait Islander people' means?

**Ms McCulloch:** Senator, we're not clear what you are reading from.

**Senator DUNIAM:** Grant guidelines.

**Senator NAMPIJINPA PRICE:** Sorry. Your grant opportunity guidelines, which highlight, in section 6.2, the assessment criteria.

**Mr Hanlon:** I will need to take that on notice. In light of what has happened in recent events, I would like to look at that and come back and determine what that means.

**Senator NAMPIJINPA PRICE:** I would absolutely love to determine what that means as well. We hear it a lot about culturally appropriate engagement. Everybody seems to know what culture means and what culturally appropriate means, but it's very difficult to get any really specific idea of what, certainly, this government and departments understand it to mean. But there it is highlighted. I would probably suggest that the conduct of the EDO goes completely and utterly against what you would consider culturally appropriate in terms of engaging with an individual and exploiting that individual for the purpose of their outcomes. Is it at all known whether a risk register is applied to any of these approaches given that, in many of these communities, there is already high prevalence of domestic and family violence and these actions lead further to division in communities? I would even suggest that it provides the environment for violence to occur under these circumstances. Given my understanding of many communities, this sort of thing can break out as a result. Is it understood whether there is any kind of risk register applied when determining whether organisations such as this receive funding?

**Mr Fredericks:** Can we take that on notice? It is an important question. I think it deserves a considered response, particularly a reference to that paragraph in the grant guidelines. I have a suspicion that language is probably used in a range of contracts in the Business Grants Hub. I want to make sure that we come back and give you a considered answer to that. We will engage with the Business Grants Hub as we do that as well.

**Senator NAMPIJINPA PRICE:** I would absolutely appreciate that. I want to go to some questions on notice. Question on notice SQ23-001482 talks about the funding being provided by the Albanese government for outreach work by the EDO. Before making this agreement with them on outreach, what specific research and other background checking was done by the department or anyone else in government about the nature and range of this outreach and how the EDO had been conducting these activities in the past?

**Mr Fredericks:** Senator, could you just repeat that question number for us, please?

**Senator NAMPIJINPA PRICE:** It is SQ23-001482.

**Mr Fredericks:** I have that. I apologise, Senator. Would you remind repeating your question? I was distracted trying to find it.

**Senator NAMPIJINPA PRICE:** Sure. Before making this agreement with the EDO on outreach, what specific research and background checking was done by the department or anyone else in the government about the nature and range of this outreach and how the EDO had been conducting these activities in the past?

**Mr Fredericks:** Yes. I see the point. We will have to take that on notice. The question was about the process in curating that obligation. I see that we've given an answer to that. Your question adds to that. We will take that on notice.

**Senator NAMPIJINPA PRICE:** Thank you. I appreciate that. Were there any formal discussions between the department and representatives of major resource or other companies, particularly about the very serious risks and dangers of subsidising even more of the kind of outreach that the EDO conducts, especially in Indigenous communities?

**Mr Fredericks:** I think the answer to that will almost certainly be no, but we'll take that on notice.

**Senator NAMPIJINPA PRICE:** Thank you. If you do find there was any, I would like to understand who, of course, and when it was done. At any time after the government's funding agreements for the EDO were agreed, had there been formal discussions between the department and Indigenous people who are sceptical about the EDO's work, particularly about the very serious risks and dangers of subsidising even more of the kind of outreach that EDO conducts, especially in Indigenous communities?

**Mr Fredericks:** Yes. We'll take that on notice. I think the answer to that question is also going to be no for the same reason—that is, this is the department providing funding to the Business Grants Hub that then is responsible for managing the contract. Potentially those questions that you've asked are relevant to them, but we'll take it on notice and check.

**Senator NAMPIJINPA PRICE:** Of course, if any background checking had been done to understand the way in which they've conducted themselves, we may have avoided disaster. Given the disgraceful actions of the EDO's so-called expert witness, Dr Michael O'Leary, in *Munkara v Santos*, what has DCCEEW done to investigate and explore how many other cases he has been involved in and to check the credibility or otherwise of his work in those cases as well?

**Mr Fredericks:** Senator, the answer to your question is that at this stage we haven't done that. It would ultimately be a matter for the Business Grants Hub because they supervise the contract. Of course, I've described to Senator Duniam the review that is underway.

**Senator NAMPIJINPA PRICE:** There hasn't been any investigation into Dr O'Leary's previous work so far? It's yet to take place?

**Mr Fredericks:** Our department has not done that.

**Senator NAMPIJINPA PRICE:** Okay. Given that there is an urgent need to understand and obviously investigate the full breadth of Dr O'Leary's collaborations with the EDO, particularly as the government is supplying taxpayer money to the organisation specifically to increase the remit of its existing work with Indigenous people, who was undertaking this work? When will it look to come to an end so that we can have clear answers on this?

**Mr Fredericks:** In fairness, I think I've answered those questions around the review. At the end of the day, the Business Grants Hub has a responsibility here in terms of accountability under the contract. I have described the terms of the review that we are undertaking.

**Senator NAMPIJINPA PRICE:** I will be keeping a close eye on all of this obviously going forward and listening to traditional owners personally who have been affected incredibly by this. I will now hand the call over.

**CHAIR:** Thank you. Before we go any further, we might run through the list of clarifications. This is if anybody has any clarifications about where any item sits in today's program and they are not sure about whether it

sits in this section or another section. We'll also clarify whether ANAO is 1.1 or 1.2. We'll start with Senator McDonald.

**Senator McDONALD:** I have a question about the Cairns water security stage 1 project. I have been directed around departments over the last estimates. I am seeking clarification around the election commitment of \$107.5 million, subsequently matched by the Queensland state government, following the cyclone and Cairns coming within three hours—

**CHAIR:** Just to be clear, Senator McDonald, are you clarifying where it's going to sit rather than asking your questions?

**Senator McDONALD:** I am trying to be specific about the question, if that's alright.

**CHAIR:** Yes.

**Senator McDONALD:** Cairns nearly ran out of water. It came within three hours of running out of water. This is the urgency of the project. They have not had any clarity about where the funding is and where the project is up to. Where would you—

**Mr Fredericks:** Senator, I think that is going to be in water estimates on Friday. If I'm wrong on that—

**Mr Hanlon:** That's correct. It is the National Water Grid.

**Mr Fredericks:** If we're wrong on that, I will come back to you today. It is the National Water Grid.

**Senator McDONALD:** Water estimates. Nick Xenophon passed the resolution to establish water day. It is for the Murray-Darling Basin. If it has now expanded to the National Water Grid, that is outside that resolution and—

**CHAIR:** I think you will find that is right, Senator McDonald. All of our come-forwards moved to that day. While it was originally set up as Murray-Darling Basin day, if you look to the cross portfolio matters, it is listed there specifically as the National Water Grid. Do you have that one?

**Mr Hanlon:** It is listed for 11.30 am on Friday.

**CHAIR:** When we get to Friday, we will be expecting water grid questions to be answered in the room. We can be really clear about that.

**Mr Fredericks:** We're on the Cairns one.

**Senator McDONALD:** Okay. I was dodged on this last Friday.

**CHAIR:** I don't know if it was dodged. For clarity, let's be really clear that the schedule does reference that Friday includes the National Water Grid.

**Senator McDONALD:** That will be funding of projects will fall under that?

**Mr Fredericks:** Yes.

**Senator McAllister:** This is a perfectly reasonable request. The commitment from the agencies is that they will be ready on Friday to discuss the National Water Grid and any of the projects that fall within that body of work. If there is a change to that, of any kind, we will urgently let you know because the obvious alternative is to pursue it today. We will confirm that over the morning tea break. If there is any reason to think that it won't be possible on Friday, we will let you know as a matter of urgency.

**Senator McDONALD:** Thank you.

**Mr Fredericks:** Ditto. I'm really happy to do that. We'll confirm over the break.

**Senator McDONALD:** Thanks.

**CHAIR:** Senator Cadell, any other points you want to clarify?

**Senator CADELL:** Are we comfortable with 1.1 coming forward?

**Senator ROBERTS:** Security supplies of diesel, jet fuel and petrol?

**Mr Fredericks:** That will be in outcome 1.2. Someone behind me will correct me if I am wrong. It is in 1.2.

**Senator ROBERTS:** And questions about the Coomera Connector stage 2 and particularly with regard to triggering the EPBC Act?

**Mr Fredericks:** That will be in outcome 2.

**Senator ROBERTS:** Thank you.

**CHAIR:** Excellent. We'll go to Senator Duniam, who hopefully will be able to finalise his questions before the morning tea break.

**Senator DUNIAM:** Best endeavours, yes. I will return to that tightly defined review that we are having. I follow on from Senator Nampijinpa Price's questions. Would any aggrieved traditional owners be able to make a submission to this review, Secretary?

**Mr Fredericks:** I can't answer that question now. I will take it on notice and give that consideration.

**Senator DUNIAM:** Potentially they could. Given the concerns Senator Nampijinpa Price outlined, it could be specifically 6.2(b) of the grant guidelines. Is that something you might consider on notice?

**Mr Fredericks:** It is the same answer I gave to you before, Senator. I am not conceding that the review will go to that. It is a legitimate issue you have raised.

**Senator DUNIAM:** Indeed.

**Mr Fredericks:** I will give it consideration on notice.

**Senator DUNIAM:** It would be terrible for the government to refuse to consider that given everything that has happened here. Minister, do you think it's something that should be included in the review?

**Senator McAllister:** Senator Duniam, we are now a few clicks away from your original proposition. Can you just clarify the question you are asking me?

**Senator DUNIAM:** The question I am asking you is not a few clicks away from my original proposition. Do you believe that the review, which we were told is defined, should include potential submissions from traditional owners who are aggrieved by what has happened here, given especially clause 6.2(b) of the grant guidelines?

**Senator McAllister:** I think the minister has made it clear that she expects a review to be undertaken as to whether or not the organisation is in compliance with its grant guidelines. The secretary has indicated that he is working through the form and nature of that review. As a general proposition, if people have concerns about any aspect of government policy or administration, they are always welcome to provide those to the government. There are obvious forums through which that can be done. One of them is by way of writing to a minister. Another, of course, is to bring forward material in a forum such as this.

**Senator DUNIAM:** But you won't give a commitment that will be considered as part of the review today?

**Senator McAllister:** This is something that the secretary appropriately is dealing with. It is an operational question in response to a request that has been made by the minister.

**Senator NAMPIJINPA PRICE:** I would have thought that would be a culturally appropriate engagement approach to ensure that traditional owners are heard in this review, as they are directly affected by the outcome of the EDO's conduct.

**Mr Fredericks:** Senator, I can't add to the answer I've given to Senator Duniam.

**Senator DUNIAM:** We will watch with excitement to ensure that culturally appropriate engagement is occurring. The minister has not set an end date down on this review?

**Mr Fredericks:** No, Senator.

**Senator DUNIAM:** You said as soon as practically possible. What do you envisage that is? This financial year?

**Mr Fredericks:** I'm not going to put a time line on it, Senator. I understand the import of the issue. I understand as a consequence that the best endeavours as to time are important. I think you can trust me that we'll do this as soon as we reasonably can.

**Senator DUNIAM:** Indeed. Just on that, if there's no set time frame, I can't recall if this was announced or not. Is funding being suspended until this review is concluded, if it is a protracted review?

**Mr Hanlon:** No. The next payment is not due until 30 April.

**Senator DUNIAM:** Which is two months away?

**Mr Hanlon:** Correct.

**Senator DUNIAM:** So we expect it to be done by then?

**Mr Fredericks:** Again, Senator, I'm not going to add to the answer.

**Senator DUNIAM:** If it's not, will we suspend funding?

**Mr Fredericks:** I can't answer that question. I think the 30 April date obviously is highly relevant to the timelines that we've been discussing.

**Senator DUNIAM:** Indeed. But the government won't commit to suspending funding if the review is not concluded?

**Mr Fredericks:** Senator, you are starting to push us into the hypothetical. This is a review. You would want the review to be a high quality review.

**Senator DUNIAM:** Indeed.

**Mr Fredericks:** I don't think it will be a high quality review if we start pre-empting outcomes in Senate estimates.

**Senator DUNIAM:** Indeed. But timelines, given the expanding potential scope, which you may consider on notice, might mean it is far longer. Minister, do you have an expectation?

**Mr Fredericks:** As your to point, Senator, it's relevant. There's a balance to be struck here—

**Senator DUNIAM:** Indeed.

**Mr Fredericks:** as you will understand, between scope and time. We will bring that balance to bear.

**Senator DUNIAM:** Part of the balance, of course, is the expectation taxpayers have about how the funding is spent.

**Mr Fredericks:** Correct.

**Senator DUNIAM:** I am seeking to get clarity around that. In terms of disclosures, noting that we have only a couple of minutes left, has anyone at the table ever read the 2023 Environmental Defenders Office impact report?

**Mr Fredericks:** I have not. As to the rest of the department, we'll need to take it on notice.

**Senator DUNIAM:** Take it on notice. Minister, have you read it?

**Senator McAllister:** No, Senator.

**Senator DUNIAM:** Was it ever disclosed to the department in the conversations that were had, Mr Hanlon, the relationship that existed between the Australia Institute, the Bob Brown Foundation and the EDO?

**Mr Hanlon:** I've never had a conversation about that, no.

**Senator DUNIAM:** Has anyone in your team who would have been a part of those?

**Mr Fredericks:** We had better take those on notice.

**Senator DUNIAM:** If you could, that would be great. I have two short areas relating to funding. Has the department done any analysis of the balance of funding that the EDO receives from other governments or donors, either Australian or from overseas?

**Mr Hanlon:** No.

**Senator DUNIAM:** So we're not aware of any donors that might originate from outside the Australian jurisdiction?

**Mr Hanlon:** The department's interest is the grant agreement. It is not the EDO, just to be clear.

**Senator DUNIAM:** It is not the EDO?

**Mr Hanlon:** Where they are funded from elsewhere is not party to our grant.

**Senator DUNIAM:** I guess just as happens with an entity that is part of the Australian government, which is the government of this nation, have you ever sought advice from Home Affairs about any potential relationship between the EDO and overseas funders?

**Mr Hanlon:** No. I haven't.

**Senator DUNIAM:** Do you think it prudent to do so?

**Mr Hanlon:** I hadn't until now, but I will go and check.

**Senator DUNIAM:** Yes. I would encourage you to do so given some of the entities that are listed in the impact report, including Oceans 5, Waverley Street Foundation, the KR Foundation, Earthjustice and the Swiss Oak Foundation. There are donations from a range of entities from overseas—the European Climate Foundation and the Rainforest Foundation Norway. It would be interesting to know. Please on notice let me know what advice you receive from Home Affairs around the interactions of the EDO and the funding they receive. I have one short bucket of questions.

**Mr Fredericks:** We'll take all of that on notice.

**Senator DUNIAM:** Please, yes. I will provide further in writing. Have we got legal counsel here at all? Does the department have a chief counsel?

**Mr Fredericks:** We do.

**Senator DUNIAM:** Does the department agree with the description of fraud set out under the Commonwealth fraud control policy?

**Mr Fredericks:** I'm not sure whether you are asking for an opinion.

**Senator DUNIAM:** No. What is deployed in contracts? Is it something you would adhere to in the execution of the work you do?

**Mr Hanlon:** If there were fraud proven in relation to a grant, that would be one ground to terminate the grant.

**Senator DUNIAM:** Fraud as outlined. Is it the PGPA Act?

**Mr Hanlon:** And the grant guidelines as well. So there are rules around this.

**Senator DUNIAM:** Is that a consideration of this review—whether fraud has been committed here by the EDO?

**Mr Hanlon:** That would be part of our regular review. If they've reported something that is untrue to us—that is, they've acquitted expenditure that they haven't told us about—that could be considered fraud. That would be part of any review we do of every milestone.

**Senator DUNIAM:** Given what Justice Charlesworth has said, is it the department's view that the actions of the EDO dishonestly caused a loss to Santos?

**Mr Fredericks:** We can't answer that question. You know we can't. What we can do, though, is conduct a review that considers whether the conduct that has been identified that we've been discussing today is inconsistent with the terms of the agreement.

**Senator DUNIAM:** This review. I look forward to monitoring the progress of this review. Finally, my last question is: Secretary, if an organisation is found to have used taxpayers' money to commit fraud under the definitions outlined under the PGPA Act and in the fraud control policy and consistent with the agreement, should the funding agreement between this organisation and the Commonwealth be terminated?

**Mr Fredericks:** I don't want to answer that question in specificity. As you know, Senator, that is pre-emptive. It's not allowing for adequate consideration of all the facts. Obviously, it would bear serious consideration.

**Senator DUNIAM:** Indeed. There is no-one from the EDO working within the department now?

**Mr Hanlon:** Not that we're aware of.

**Mr Fredericks:** Not that we know.

**Mr Hanlon:** We can take that on notice.

**Mr Fredericks:** We'll take it on notice.

**Senator DUNIAM:** That would be great, thank you.

**CHAIR:** Can I confirm that there are no further questions? Excellent. In that case, we will release corporate. We will now take a break, and we will return with outcome 1, program 1.1, Reduce Australia's greenhouse gas emissions. Thank you.

#### **Proceedings suspended from 10:53 to 11:12**

**CHAIR:** Welcome back, everybody. We will now go to outcome 1. I call officers of the department in relation to program 1.1, Reduce Australia's greenhouse gas emissions.

**Senator WATERS:** Good morning, everyone. Thanks for your time and your work in this space. I have a number of topics I would like to cover. I want to start by asking whether the government has responded to the CCA's recent NGER review into measuring methane. Have you finalised a response to that?

**Ms Rowley:** The Climate Change Authority provided its advice to the government in December. The government is required to respond within six months. We are currently considering the CCA's review and recommendations. We will respond by mid-year.

**Senator WATERS:** Without going into specifics, can we expect to see a tightening of the methane measuring and reporting framework?

**Ms Rowley:** I wouldn't want to pre-empt the final government response. What I can say is that the minister has requested that the department consider any improvements to the national greenhouse and energy reporting scheme as it relates to methane emissions, including in the context of our current annual update of the NGER, the national greenhouse and energy reporting measurement determination. We are currently doing analysis. We will be doing public consultation on any changes to that rule ahead of the middle of this year, when that rule amendment would be finalised.

**Senator WATERS:** Thank you. I was struggling to hear. You are saying that in the course of doing the response you will also consider possible amendments at the same times? Is that what you are saying?

**Ms Rowley:** That's right. We're twin tracking. The minister for climate change has asked the department to look at what could be implemented this financial year in the context of the NGER measurement determination review.

**Senator WATERS:** Thank you. I will move to the Glasgow statement. In December, this government signed up to that, which of course pertains to international public support for the clean energy transition. It's a few years old, but obviously the government has only just signed it. The key clause is that signatories will end new direct public support for the international unabated fossil fuel energy sector within one year of signing this statement. I am really pleased that Australia has now signed it. What changes to domestic law will be implemented to give effect to that within that one-year time frame?

**Ms Munro:** In terms of your question, it is 12 months from the signing of the agreement. That discussion will be led by the Department of Foreign Affairs and Trade. It will include, as you would appreciate, the rules governing official development assistance and investments made by Export Finance Australia. We will continue to work with DFAT, but we're not the lead on those issues.

**Senator WATERS:** Okay. Will any domestic law changes fit within your department's purview?

**Ms Munro:** It is about international public support, so the focus is about things that apply outside Australia.

**Senator WATERS:** Thank you. Yes, I understand that. Is there any necessity or any likelihood of domestic law changes that would then restrict what money we give internationally?

**Ms Munro:** As far as I am aware, I would have to refer back to the Department of Foreign Affairs and Trade. I am not clear how that would relate to our domestic laws.

**Senator WATERS:** Presumably, we set parameters on how funding gets expended.

**Ms Munro:** That is why I would refer back.

**Senator WATERS:** Okay. That's their problem. Are you aware in your dealings with DFAT whether or not changes to Export Finance Australia will be legislative? Are they leading that?

**Ms Munro:** On that level of detail, I am not aware whether it would be legislative in nature.

**Senator WATERS:** Are you across what legislative changes to the Future Fund would need to occur to prevent the acquisition of shares in fossil fuel companies, for example?

**Ms Munro:** Again, that level of detail is best answered by the Department of Foreign Affairs and Trade. I'm happy to take that on notice as well.

**Senator WATERS:** Thank you. Just to clarify it, in terms of Future Fund investment, even though I don't believe that would normally sit under DFAT, it does for this purpose?

**Ms Munro:** In terms of the nature of the commitment and the 12 months of implementation, we'll have to look at a range of factors and what would be, in fact, included or not included.

**Senator WATERS:** Okay. You will meet the 12-month time frame?

**Ms Munro:** It is a commitment. I have no concerns that we wouldn't be meeting the 12-month deadline.

**Senator WATERS:** Great. I'll take some of that up with DFAT, thank you. Last week, in response to this committee's report into the climate trigger bill by my colleague Senator Hanson-Young, Minister Plibersek said, and I quote:

Our strong new climate laws, developed with the Greens and independents, allow the Minister for Climate Change and Energy to stop coal and gas projects adding to Australia's emissions.

Can someone in the department run through exactly how that power could be exercised?

**Ms Evans:** This is a reference to the mechanisms under the safeguard. I will ask Edwina Johnson to return to the table and take us through those steps.

**Senator WATERS:** Thank you.

**Ms Johnson:** In the reforms to the safeguard mechanism last year, there was a new power inserted into legislation that requires that when the minister for the environment makes an approval under the Environment Protection and Biodiversity Conservation Act for a project that either will enter the safeguard mechanism or increase emissions from an existing safeguard project, either the minister for the environment or the minister's delegate will provide information on scope 1 emissions to the minister for climate change, the CEO of the Climate Change Authority and the secretary of the relevant department. That is the process by which those



reporting systems occur. There has been one notification since that act change, which was at the end of August last year. That is the process by which that information is provided to those relevant parties.

**Senator WATERS:** Thank you. That's all true. I understand that. I am interested, though, in the power that the minister for climate change has to, as Minister Plibersek has said, stop coal and gas projects adding to Australia's emissions. Can you run us through that process, please, not the notification process?

**Ms Evans:** Ms Johnson might take over. Again, the major coal and gas facilities are all covered by the safeguard mechanism, which is a regulation to require that as a group they achieve net zero by 2050 and are declining. As you are aware, all of the requirements around the safeguard emissions need to come down. It is through that mechanism that the Minister for Climate Change and Energy is making sure that these things don't increase Australia's emissions.

**Senator WATERS:** Thank you. Can I have a bit more specificity, please, on the power that the Minister for Climate Change and Energy has to 'stop coal and gas projects'?

**Ms Johnson:** Thank you, Senator.

**Senator McAllister:** Excuse me, I think, Senator Waters, you need to provide the full quote to the official. I think the full quote says to stop these projects from—

**Senator WATERS:** Adding to Australia's emissions.

**Senator McAllister:** adding to Australia's emissions, yes, which is slightly different in tone.

**Senator WATERS:** Thank you.

**Ms Johnson:** Thank you, Senator and Minister. What I didn't describe was that the Climate Change Authority annual report to the minister feeds into the minister's statement to parliament, particularly with reference to new or expanding projects. The CCA could recommend to the minister for climate change that changes need to be undertaken to the safeguard rules to ensure that the safeguard mechanism meets those overall legislative objectives, which includes the 1,233 million tonnes overall net emissions this decade. Additionally, the secretary for the Department of Climate Change, Energy, the Environment and Water could receive advice either through that process I described or from other Commonwealth agencies or the states and territories. If the secretary provides advice to the minister for climate change that there's a question whether the objects of the act will be met, the climate change minister needs to consult on potential changes to the rules. That would all go to that regular monitoring and assurance in the legislative objects—that is, the 1,233 million tonnes decadal budget, the 100 million tonnes in 2030 as well as the requirement that gross emissions decline year on year based on a five-year rolling average, which starts from 2024-25.

**Senator WATERS:** Thank you for confirming that power exists and that the minister will need to undertake certain steps in order to exercise it. Minister, would the use of this new power stop Santos's Barossa project?

**Senator McAllister:** I think you know that I'm not going to speculate about the way that a minister would use a power allocated to her in a hypothetical situation. I don't think that is something you would expect me to do.

**Senator WATERS:** I think in this case I am speaking of Minister Bowen. Do you have any information about whether Minister Bowen would be prepared to exercise these new powers that he would legislatively be required to reconsider should the hard cap be forecast to be breached?

**Senator McAllister:** I don't think that changes my answer. I'm not going to speculate about a decision that is yet to be taken or even put before the minister.

**Ms Johnson:** I will add that the Barossa project is already included in the emissions projections and, therefore, in the safeguard analysis that went into assuming that 4.9 per cent baseline decline rate.

**Senator WATERS:** Is Woodside's Burrup Hub also included?

**Ms Johnson:** I believe so, but I might need to take that on notice.

**Senator WATERS:** Thank you. How about Whitehaven's Winchester South coalmine, approved by the Queensland government just last week?

**Ms Johnson:** That was previously included in the 2022 emissions projections but was not included in the 2023 emissions projections because it has not taken FID. There are a number of steps, as you know, that need to be undertaken between approval and project commencement. That is one that we'll continue to monitor. There is, of course, the reserve. The reserve currently stands at 16 million tonnes over that decade. That is the sort of contingency that was built into the calculations to ensure that if new projects come up, that can continue to be addressed in the overall budget.

**Senator WATERS:** Thank you. I have one final clarification. I didn't quite catch why it was included in 2022 but not in 2023.

**Ms Johnson:** We might have to take on notice the change that was undertaken in that analysis.

**Senator WATERS:** Thank you, Chair. I have some questions, but come back to me when it's my turn.

**Senator McAllister:** Chair, I did locate the quote that Senator Waters was putting to the officials. If senators wish to ask about specific quotes that are published, it is helpful if they provide a reference or preferably even table the material so that we can all be on the same page, including other committee members, about what is in the public domain. That would be very helpful if it is possible.

**CHAIR:** Yes. It does assist in being able to answer your questions accurately.

**Senator ROBERTS:** Thank you all for being here today. The Australian National Audit Office said in January—this is from its own report:

DCCEEW reports annually on progress towards targets, however is unable to demonstrate the extent to which specific Australian Government policies and programs have contributed or are expected to contribute towards overall emissions reduction.

I find that incredible. We see that solar and wind have taken Australia from lowest cost electricity providers to amongst the highest. There are dramatic impacts on cost of living and adverse effects on inflation and grocery prices. Everything is impacted by energy and electricity, including security and international competitiveness. I've just come back from North Queensland, where I've seen massive destruction of the environment up there. Some of the large solar and wind projects in Western Victoria and in North Queensland are not even connected to the grid, but we're paying for them. At your behest, the government is completely upending our entire economy. You are destroying the cheap power grid we had. You're going to make it nearly impossible to buy a new Toyota Hilux. You're trying to force everyone into electric vehicles. You're spending \$20 billion on Snowy 2 and you can't tell anyone whether anything the government has done has actually made a difference. I think that is because it hasn't made a difference. What quantifiable difference have these solar and wind and other so-called policies made?

**Mr Fredericks:** Senator, if it's okay with you, I might take up the ANAO issue. There was quite a detailed response from the department to that. If it is okay with you, I might ask Ms Evans to give you a response.

**Senator ROBERTS:** A response to the ANAO findings. I would also like to know the quantifiable difference these policies have made to our country.

**Ms Evans:** I will answer both. In the first part, the department disagrees with the finding that you read out from the ANAO report. We do, in fact, have quite a comprehensive way of reporting on policies and programs and what they contribute to our emissions reductions, which Ms Rowley will be able to take you through in a moment. With regard to the overall outcomes, you can see that—in fact, it is part of the same answer—in our annual national greenhouse gas inventory and all of the results that come from that there is a definite decline in Australia's emissions over the period that we've been looking at. Again, Ms Rowley can give you the specific details on that. I think we are up to about 24 or 25 per cent below 2005 levels at this stage. All of those policies that you were referring to have contributed to those reductions in emissions, which are contributing to a global response to climate change. Ms Rowley will take you through the very substantial way in which we track our policies and programs.

**Ms Rowley:** Thanks you, Ms Evans. The ANAO was essentially seeking measure by measure modelling and tracking the impact of every policy over time, which we consider is neither practical nor efficient given that different policies and measures interact, particularly as the policy mix changes over time. They are also impacted by structural changes in the economy. However, we evaluate the impact of policies and programs on emissions during their development. That is part of the public consultation on the design of the policies ex ante, so ahead of time. In general, we prioritise policies that are going to have a material impact on Australia's greenhouse gas emissions. That analysis then becomes part of the cost-benefit analysis to inform government decisions.

In terms of reporting on progress, this occurs through a number of channels. The department and government report progress against the 2030 target transparently and independently through channels such as the Climate Change Authority's annual progress report, the minister's annual climate change statement to parliament and Australia's annual emissions projection report. As Ms Evans said, we also report on Australia's actual emissions over time each year through our national inventory report and every quarter through the quarterly update. Both the inventory—

**Senator ROBERTS:** Just a minute. So what you're saying, as I understand it, is that various other entities report on this?

**Ms Rowley:** Other entities, including the independent Climate Change Authority and the department through its work on the national inventory and the annual projections.

**Senator ROBERTS:** But they actually report on aspects of it—bits of it, not the whole lot?

**Ms Rowley:** No. Particularly documents like the emissions projections, which are one of our signature reports—

**Senator ROBERTS:** Emissions projections?

**Ms Rowley:** Emissions projections. It's an annual report. It tracks and projects Australia's progress towards its 2030 target. I could use that as an example to illustrate how we look at the impact of specific policies. The 2023 projections, which were published in December last year, include detailed analysis of the abatement arising from some of the government's key mitigation policies. For example, the safeguard mechanism reforms are estimated to deliver just over 50 million tonnes of abatement in 2030. The projections report provides detail, including the projected mix of onsite abatement and the use of credits over time as well as how that policy impact is distributed across the different sectors, which are covered by the safeguard mechanism. It also includes details of the Australian carbon credit unit scheme, estimating that it will grow from delivering 17 million tonnes of abatement last year, 2023, to 30 million tonnes in 2033. Again, the projections provide reports on the types of projects, price forecasts and the sectoral split of activity.

With the additional measures scenario, which is also part of that 2023 projections report, there are reports on the potential impacts of some of the policies that are still under detailed design and development. For example, the government's 82 per cent renewable electricity target is supported by measures such as the capacity investment scheme and the Rewiring the Nation program, which is estimated to deliver 21 million tonnes of abatement in 2030. The projections report provides detail across the different electricity grids covered by that target. It also provides quantitative estimates for the fuel efficiency standard for new vehicles, which the government is currently consulting on. Whilst that was a relatively stylised analysis given that the policy is still being designed, we estimated that would deliver a net six million tonnes of abatement in 2030.

**Senator ROBERTS:** That is a lot of alphabet soup. Thank you. The point is, though, you have no evidence. The ANAO is not convinced you have any evidence. You can't demonstrate how a specific policy has made any difference to the production of carbon dioxide from human activity. That is not me saying it; that is the ANAO.

**Ms Rowley:** Senator Roberts, you will recall that Ms Evans noted that the department disagrees with that finding. As I outlined, there is a range of analytic work and public reports that the department and other entities across government conduct to ensure that there is a careful analysis of the emissions implications of key policy reforms that have a material impact on Australia's emissions. I have given you some examples of that.

**Senator ROBERTS:** I don't know whether you are aware of it or not, Ms Rowley, Ms Evans or Minister McAllister, but no-one anywhere has been able to provide me with a quantified specific effect of cutting carbon dioxide from human activity on climate. What basis is there for tracking policy when there's no fundamental foundation for it anyway? So is anyone able to tell me the impact of carbon dioxide from human activity on any aspect of the climate specifically in a quantified way? How are you able to track that when there's no basis for it?

**Senator McAllister:** There are two things. One is that this is a well-worn path between you and me.

**Senator ROBERTS:** Yet, Minister, I still haven't seen that.

**Senator McAllister:** Perhaps I can answer. It is a source of fundamental disagreement. You do not accept the science that human activities—

**Senator ROBERTS:** Correction. I do accept the actual empirical scientific evidence.

**CHAIR:** Okay. Let's not cut across each other.

**Senator ROBERTS:** I want to make sure the minister doesn't—

**CHAIR:** Senator Roberts, there is a difference of opinion here, a difference of interpretation of which science is whose. Can we stick to asking the questions and listening to the answers? You can probe it as much as you like. Let's keep it civilised here.

**Senator McAllister:** To assist Senator Roberts, I will put my answer in different terms. This government does accept the science that human activities are inducing global warming. That presents a threat to human systems and the biodiversity that our human activities depend upon. I understand from comments you've made previously, Senator Roberts, that is not your position. But that is the government's position. As a consequence, we are committed to reducing Australia's contribution to anthropogenic emissions to 2050. That is a position that, as I understand it, is bipartisan. I believe that remains the position of the coalition as well. It is the basis on which we

are also committed to that by way of our participation in the processes of the United Nations Framework Convention on Climate Change.

**Senator ROBERTS:** Thank you, Minister.

**Senator McAllister:** The second point I wish to make is that this is not a feature of the ANAO's assessment of the department. The question the ANAO sought to answer was whether the department is using its resources well to meet those emissions reduction targets. The evidence that has been provided to you by now Ms Evans and Ms Rowley goes to the way that the ANAO engaged with that question.

**Senator ROBERTS:** Thank you, Minister. Can you tell me or anyone in the department, because you are driving this, the cost per unit of carbon dioxide decrease to our economy? What is the cost to individual Australians? I have never seen a cost-benefit analysis or a business case for this ever. No-one has ever said that they've done that.

**Ms Evans:** We might take on notice to put down a response that adequately reflects the costs and benefits of climate action in Australia.

**Senator ROBERTS:** Thank you, Ms Evans. Specifically I would like to know the cost per unit of carbon dioxide decreasing.

**CHAIR:** Senator Roberts, I'm going to rotate the call.

**Senator ROBERTS:** I would also like to know your total annual budget, please.

**Mr Fredericks:** Of the department?

**Senator ROBERTS:** Yes.

**Mr Fredericks:** Okay. We'll take it on notice.

**Senator ROBERTS:** Thank you.

**Senator CADELL:** I want to follow up on the ANAO report more specifically. There were five recommendations. You said you disagreed with the report but you've accepted all five recommendations. Is that correct?

**Ms Evans:** That's right, Senator.

**Senator CADELL:** You disagree with the report, but you agree with the recommendations?

**Ms Evans:** Well, we disagreed with one particular finding that the ANAO made. We talked with them at great length about the way we do measure and report on greenhouse gas emissions. We just have a difference of view on the value of the approach that they were suggesting we take. It is a finding rather than a recommendation in the report. The recommendations in the report go much more to the systems and processes we are using to manage and govern the overall very comprehensive program of work that the government has. We were very supportive of continuing to improve the way that we are doing that, so we accepted all of those recommendations.

**Senator CADELL:** The phrase that comes through a lot in the ANAO report is 'partly effective'. That is consistently through it. I struggle with the *Yes Minister* interpretation of that. If I want to swim 50 metres in the water and I die after 20 metres, I have been partly effective. I have got there but I'm dead. What is the role of 'partly effective'? How does the department see partly effective in the use by the ANAO?

**Ms Evans:** Well, we would see that they have found room for improvement in what we're doing.

**Senator CADELL:** Significant room? Wouldn't 'mostly effective' be some room for effective? Mostly harmless in terms of—

**Ms Evans:** Look, I'm not going to try to interpret the particular adjective.

**Senator CADELL:** How have you interpreted it?

**Ms Evans:** The way we have interpreted it is that they have seen some room for improvement. They said that what we were doing was effective to a degree—their word was 'partly'—but that we could do some things to make that better. We are very committed to making sure that we implement those suggested changes where we can. There were a couple they made where it is subject to resourcing and so on. For example, one of the recommendations really goes to the whole department's information management system, which is something that of course we would like to do. It is a question of resources and when we can allocate them to that.

**Senator CADELL:** I will come to that. From memory, I think the report says you are monitoring 102 actions or programs at the moment. Is that right?

**Ms Geiger:** That's correct.

**Senator CADELL:** This goes probably to Senator Roberts's question earlier about the ANAO report and that you are not measuring a response from each one. You have 102 programs interacting with each other in dynamic ways. I think recommendation 3 of the report states that we get to reporting, if it can be understood, on a program and enterprise level. That is a summary of that. So there will never be a case, with the resourcing we have and the ability we have, where 102 programs will be individually reported for success or failure?

**Ms Evans:** We certainly track each of those measures. Some of them have come from the original Powering Australia documentation. Others have come from announcements made by the government that they've wanted us to follow up on or a commitment that has been made so that we are following up. That is why there is a large number. We are just making sure that we are able to follow through on all of those things. We are doing that at an individual activity level in that way. I think what the ANAO is saying to us is that we need to then get better at how we describe that at what they call a program level—so that's kind of looking at it as a whole—and then how that feeds into, at the department level, how we are thinking about risk and where it lies in the different programs we manage. We accept that, again, we're doing quite a good job at the measure-by-measure tracking and whether the commitment has been made. Where there is some room for improvement is stitching that up into the aggregate risk profile for the department.

**Senator CADELL:** My real concern is that ANAO aspect. They say:

DCCEEW has established partly effective—

there's that phrase again—

coordination and reporting arrangements ... however DCCEEW cannot demonstrate that arrangements are fulfilling their intended role.

Is that the part we disagree with?

**Senator McAllister:** Senator Cadell, with all of these things, if you are able to provide a page number or a table a reference, it does help the officials. This document runs to some number of pages.

**Senator CADELL:** A key concern for me is that inability to provide really tangible evidence that the strategies are working. We talk about transparency. I don't expect 102 programs all to be delivering what they should. I think some will—there's no question—and some won't. How do we go about knowing which ones work, which we should assess more and which we shouldn't if we can't monitor them individually?

**Ms Evans:** We were just looking back to see where you might have been quoting from. In recommendation 5, the ANAO states that the department, and I quote:

... use its reporting to demonstrate that its management of climate and energy work clearly contributes to achieving Australia's climate change commitments including the contribution to emissions reduction.

We agree with that. We have indicated that we are absolutely committed to providing a clear line of sight between each of the activities and the intent, particularly the contribution to emissions reduction. Our argument is that we already do that in a comprehensive way through all of the material that Ms Rowley described. We have a very comprehensive look at emissions overall. We project them. We measure them very carefully. We know whether that is in fact occurring. We will continue to do that. The additional thing we are working on in response to the ANAO is being clearer about how each of those individual measures that we are monitoring feed up into those aggregate results.

**Senator CADELL:** That quote was from the front page of the audit snapshot. That is where that quote is from. It is great to hide the diminutive amongst the substantive—it is always a good way to do that—and vice versa when you are trying to hide. But there are senators around this table who have different views. I don't want to verbal him. Senator Pocock might have problems with ACCUs. I might have problems with other things. If we can't check what is contributing and we resource them more appropriately, how do we know we're on track to get to the 32 per cent? I know we're there. How do we know we're on track to get to 42 per cent and these goals? What is working and what is not working as things go forward? How can we resource the right areas appropriately to meet the department's goals?

**Ms Evans:** We've gone through already the fact that we do have very rigorous ways of checking overall whether the outcomes are right. For some of the significant—

**Senator CADELL:** Overall?

**Ms Evans:** Yes, overall. For some of the things that you've just mentioned, where they are a genuinely substantive measure, such as the Australian carbon credit units, we have really substantial programs of work that look at whether or not those programs are effective. That is an example where the Climate Change Authority, for example, does regular reviews of some of these individual programs. We did give this evidence to the ANAO as

well. Where they are big, substantial things, we absolutely have a great deal of scrutiny over them. So that is the ACCU market, the safeguard mechanism and the work we've done on electricity.

**Ms Rowley:** And the 82 per cent renewable electricity target and the proposed new vehicle fuel efficiency standards.

**Ms Evans:** For all of these things, we have very specific work that looks at those measures. I think where we start to diverge from the ANAO is that in the 102 there are a lot of much smaller things where we don't think it's of value to be spending a lot of time estimating the specific emissions contribution that might have come from a particular verbal commitment or whatever that we are tracking to make sure that it happens. We do that by looking at the overall picture and whether that's going down. We absolutely scrutinise the big, important things. We have efficient ways of considering the impact of the rest.

**Senator CADELL:** One thing that came up is a time line for the strategic framework delivery for the Powering Australia program. Do we have a time line for that?

**Ms Geiger:** We're looking at that piece of work at the moment. I don't have a specific deliverable, but I would say in the coming months.

**Senator CADELL:** So we do not. Is the stakeholder engagement plan attached to that far off?

**Ms Geiger:** We are working with the Net Zero Economy Agency on the time frame for that. I would say similarly in coming months.

**Senator CADELL:** The Powering Australia plan is mainly around job creation around energy and stuff. That is a core focus for that. This is a self-interested question here about cutting power bills, reducing emissions by boosting renewable energy and clean energy options. That is the phrase in that. Outside the legal impediment against considering nuclear, does anything in the Powering Australia plan preclude nuclear itself?

**Ms Evans:** Not to my recollection, Senator. I might have to take on notice to go back and read those documents that I acknowledge were preselection documents developed by then opposition. I don't recall anything in that documents that said anything much about nuclear.

**Senator CADELL:** And 32 per cent is the current projection without additional measures, is it not?

**Ms Rowley:** No. In the 2023 projections, the baseline projection is for a 37 per cent reduction on 2005 levels. Thirty-two per cent was the previous year's baseline. Once we add the impact of the 82 per cent renewable electricity target and the new vehicle efficiency standards, we're projected to be 42 per cent below 2005 levels by 2030.

**Senator CADELL:** Forty-two per cent by 2030?

**Ms Rowley:** That's right. Just shy of the target.

**Senator CADELL:** And they are the only additional measures? You mentioned the national emissions vehicle strategy and the renewables target. Anything else?

**Ms Rowley:** The full details are in the 2023 projections report. The other measure to note is the consideration of the voluntary cancellation of Australian carbon credit units under the Climate Active program, which is also in the additional measures scenario and counts towards the target.

**Senator CADELL:** That's all I have at this moment, Chair.

**Senator HUGHES:** We knew back in 2019—it's a fact and number commonly repeated by Minister Bowen—that we would require 22,000 solar panels every day for eight years and we would need 40 wind turbines every month by 2030 to reach this Labor government's target. How many do we have?

**Senator McAllister:** Do you have a reference for that, Senator Hughes?

**Senator HUGHES:** Oh, darling, google 'Chris Bowen 22,000 solar panels' and you can get a whole lot of references. But I can give you specifically the DCCEEW speech he made on 20 April 2023. He also first proposed it in 2019 as part of his campaign for leadership. It is a well-repeated figure from your Minister.

**Senator McAllister:** Senator Hughes, what is your reference?

**Senator McKENZIE:** It really is a silly question.

**Senator McAllister:** It's not, Senator.

**CHAIR:** Okay.

**Senator HUGHES:** So 22 November.

**CHAIR:** Senator McKenzie and Senator Hughes, the minister is well within her rights to ask for a reference. I believe you have provided that reference.

**Senator HUGHES:** The speech on the DCCEEW website most recently on 20 April 2023.

**Senator McKENZIE:** I raise a point of order. I really think it is not Senator Hughes's job to answer questions from the minister, as the minister knows.

**CHAIR:** It's perfectly reasonable to ask for a reference.

**Senator McKENZIE:** Which she gave.

**Senator HUGHES:** Moving on, he has said it multiple times. Any basic Google search would show it up multiple times. How many solar panels do we have? How many wind turbines do we have? That is towards that 60 million, for example, target of solar panels today.

**Mr Duggan:** We are endeavouring to get those numbers for you. We will take them on notice at the moment.

**Senator HUGHES:** You have no idea? You don't have any reference that in the last quarter we were up to X?

**Mr Duggan:** I would be like to be accurate in my evidence. I don't have the latest information to hand.

**Senator HUGHES:** Okay. Do you keep running totals of how many solar panels have been installed?

**Mr Duggan:** A number of market bodies do report on the buildout of the generation assets in Australia and those reports will have those figures in them. We're endeavouring to get them for you.

**Senator HUGHES:** I assume that, as the department responsible for rolling out this policy and ensuring that targets are met, you would collate those numbers?

**Mr Duggan:** That's correct. We do pay very close attention to them. As I said, I want to be accurate so I want to make sure that we get the latest information for you.

**Senator HUGHES:** Great. We're here for a bit longer. Hopefully someone can get the spreadsheet or the calculator and maybe add them up for us. It would be nice to know whether we still need 22,000 per day. Perhaps we might need 85,000 per day if we're not quite up to the target that we need to be at. We had a discussion last estimates with regard to modern slavery and the use of the Uighurs to produce solar panels. Very helpfully, we were referred to the Department of Foreign Affairs and Trade. We did go to them as well. Unfortunately, the hearings all happened at the same time, so we had to put them as questions on notice. I did receive an answer from them that the Australian government is concerned about reports of forced labour. At the very end, it talks about the need to acquire solar panels over and above basically any other concern as we race towards this transition to renewables and help Australia decarbonise its electricity production and play a major role in assisting to reach our target of 82 per cent renewables by 2030. I'm happy to bring this back and table it. It is *Yes Minister*, to steal a phrase from Senator Cadell, reading that slavery is bad and we're monitoring it but that we're still going to keep buying them. I am aware I'm probably going to be referred back to DFAT for another update. I asked the question at the last estimates. We went to DFAT. What is DCCEEW doing to make sure that modern slavery principles are being applied across other policy areas, particularly regarding concerns about Uighurs that we know are mining most of the materials for solar panels?

**Mr Duggan:** I think we gave very similar evidence last time, which is that as a department, of course, we do abide very closely to the modern slavery law. We do take advice from the Department of Foreign Affairs and Trade on the application of that law as it relates to the energy sector. In a sense, Senator, were there to be a change in any way in DFAT's assessment of the importation of that equipment, of course we would act.

**Senator HUGHES:** What sort of work do you do with DFAT in ensuring that there aren't elements of modern slavery throughout the supply chain?

**Mr Duggan:** Again, it's not really the role of the department of climate change and energy to make those assessments. It's really the role of the Department of Foreign Affairs and Trade. They are best placed with people on the ground with the expertise to be able to make those judgements.

**Senator HUGHES:** Help me understand this. Government doesn't exist in silos. You might have the department of climate change and energy, but you have the Department of Foreign Affairs and Trade. Perhaps, Mr Fredericks, you might be able to assist here. Is there at some stage a discussion that, 'You know what, guys? We're loving the 82 per cent renewables. We're thinking the 22,000 solar panels a day is a cracking idea. We have a bit of a problem with the supply chain because most of it is being produced through modern slavery. Maybe that policy needs to be reviewed or looked at?' Is there any cross-departmental discussion, or do we just silo them off?

**Mr Duggan:** I think I would categorise this more in the general. In the pursuit of 82 per cent and the policy advice we give to the government, it is of course absolutely within the bounds of Australia's domestic laws, whether they relate to labour standards, environmental standards or whatever it may be and, similarly, our

international obligations in that regard. I did not want to give the sense that in any way we are providing advice to the government that would cut across any of those laws or obligations.

**Senator HUGHES:** We will be back here in just a couple of months for our sins. Perhaps we can have a bit more information on whether or not anyone from DFAT ever suggested to DCCEEW that the issues with modern slavery were real. I'm pretty sure I'm going to get the same steer here again. Again, we raised this last estimates as a concern with regard to the inverters used in solar panels and the fact that they can be controlled remotely. I am aware that Senator Paterson is asking questions of Home Affairs and has done in the past. Again, are there discussions held between Home Affairs and DCCEEW? DCCEEW is running the policy of moving to solar energy and putting more solar energy in, but the vast proportion of solar inverters can be controlled by an outside player and are being provided and manufactured by companies with very strong ties to the Chinese Communist Party. This is a matter of national security. They're coming in because of a department of climate change, energy and water policy in a race to renewables. What is the discussion there about ensuring our own national energy grid may or may not be compromised?

**Senator McAllister:** Senator Hughes, the department can step you through the work that is being undertaken in relation to cyber security and the energy sector. I think it is worth observing that when the previous government left office, there were in fact three million solar units installed across the country. This is a technology that has a long presence and a large footprint in Australia. That has been the case over successive governments. We are very happy to talk about the steps we are taking to address some of the challenges you are identifying. I think it would be wrong to leave the impression that this is a new challenge.

**Senator HUGHES:** Well, smart inverters are a new invention. I think it is slightly deceptive to suggest that three million solar panels all had smart inverters. It's actually not the case. This is a new issue. I don't know how long we have to keep saying you're a new government because it's been nearly two years.

**Senator McAllister:** So, when Minister Taylor said in March 2022, 'This brings the total to 17 gigawatts—a virtual power station comprising more than 3 million rooftops—

**Senator HUGHES:** Senator McAllister, I can't hear you when you're reading from your phone. Can you speak into the microphone?

**CHAIR:** Okay. Let's not talk over each other.

**Senator McAllister:** You can't hear me when you talk over the top of me, Senator Hughes. That's the bigger problem.

**Senator HUGHES:** I can't hear a word you're saying.

**CHAIR:** Excuse me. Let's ask a question and answer the question. There's no point talking over each other. You're not going to hear the answer and you're not going to hear the question. Do you have a response, Minister, to Senator Hughes's question?

**Senator McAllister:** As I was indicating, I think the officials can talk through the steps that are being undertaken and the policy work that's underway.

**Mr Fredericks:** Senator, can we do that? Mr Squire will be able to give you a bit of a report since we last discussed it.

**Senator HUGHES:** I really can't hear anyone very well at all.

**Mr Fredericks:** Mr Squire will be able to give you a bit of a summary of the work that has been done since we collectively discussed this issue.

**Senator HUGHES:** That's really helpful.

**Mr Fredericks:** We know that you're conscientious about this, as are we.

**Senator HUGHES:** Yes.

**Mr Fredericks:** I offer the usual caveat in this forum. There will be a limit on what we can say.

**Senator HUGHES:** That's fine. Again, we're back here in a couple of months. That will be the third time we've raised it. Perhaps we can get a bit of coordination considering these estimates happen at exactly the same time. It's very difficult. I'm very talented, but being in two places at the same time is not possible.

**Mr Fredericks:** Just to be clear, Senator, we will give a good description now of everything that we as a department have done. We're very happy to do that.

**Senator HUGHES:** Great. Mr Squire?



**Mr Squire:** The first part of your question, Senator, went to what engagement we've had with the Department of Home Affairs in relation to rooftop PV security. We worked with the Department of Home Affairs on the development of the government's cybersecurity strategy, which included consideration of that issue. Within the department, we've established a particular team looking at security issues associated with distributed energy resources. Rooftop solar is the example you cited. It would have applicability to other forms of technology behind the meter in the home—batteries, EV chargers et cetera. We commissioned Standards Australia to undertake a cyberstandards mapping gap analysis and develop a road map for us. Part 1 of that project has been completed. The second stage of the project, which we're in the process of commencing, will look at the development of a cybersecurity standardiser for the Australian market in particular. Beyond that, we're working with industry and the Australian Energy Market Operator on some technical options to potentially enhance the security of DER as well.

**Senator HUGHES:** The concern is that there is the possibility for international interference in these inverters because they can be controlled from outside. Is there any work being done between departments to make sure that either they are manufactured somewhere where it is not an issue or there's some ability to cut the signal? We don't want international players cutting the signal and turning off our national grid if we move so heavily to solar.

**Mr Squire:** On the manufacturing side, our colleagues from the Department of Industry, Science and Resources—

**Senator HUGHES:** I will see them later this week.

**Mr Squire:** particularly in relation to the National Reconstruction Fund, will look in particular at improving supply chain vulnerability, such as the one you've outlined. The work that our department is leading is very much focused on a technical standards solution for rooftop inverters and other home devices.

**Mr Fredericks:** To really hack it down to assist you—it is across all of government—our department is really focusing on issues around standards and technical solutions. We work with other entities to assist us with that. Home Affairs is focused on those critical cyberissues that you describe. We can't say much more about it. They lead and we assist. On the manufacturing piece that you describe, industry leads that. They lead and we assist. That is the division.

**Senator HUGHES:** It is trying to get a sense.

**Mr Fredericks:** I know.

**Senator HUGHES:** Are renewables at 82 per cent by 2030 possible if we're going to put our national security at risk because the technology doesn't exist? How do we adjust policy settings to make sure that we're not doing something that is putting our sovereignty at risk? That is what I am trying to understand.

**Mr Fredericks:** That is legitimate. They are the sorts of balancing considerations we bring to bear and why we're so keen to lean in on the standards issue. We know we have to get those standards right. It's why we're leaning on the technical reasons for the reason you describe; we really need to get them right. And there is the industry piece, which is why industry is leading. In a sense, I know it's spread over three departments, but that essential balance that you are describing is brought to bear on all of those considerations that drive it.

**Senator HUGHES:** Yes. I know we need to move on.

**Senator DAVID POCOCK:** Thanks for your time this morning. In the last estimates, I was asking questions about Australia's response to the Inflation Reduction Act. Your response to the questions on notice—the reference is SQ23-001323—confirmed that no modelling has been done. You indicated that a taskforce has been set up to, and I quote, 'coordinate and deliver this analysis to government.' I'm interested in the progress of that taskforce.

**Mr Lowe:** Thank you, Senator, for the question. As you would be aware, in the last federal budget, the government provided funding to support analysis on some issues you identified, such as intensifying global competition for clean energy industries. To support that, a taskforce has been established within the department. We are working closely with other agencies, such as Treasury, the department of industry and others, to provide that analysis. The government has then announced an intention to consider additional actions in the upcoming federal budget, the 2024-25 budget. Of course, as you would be aware, there's a range of existing policies that the government has announced in support of the ambition to become a renewable energy superpower, which is partly related to the same issues you were talking about. An example is the Hydrogen Headstart program.

**Senator DAVID POCOCK:** Sure. I will go back to the taskforce. How many people are working on it at the moment?

**Mr Lowe:** The taskforce includes 14 staff.

**Senator DAVID POCOCK:** Are they all in DCCEEW?

**Mr Lowe:** Yes. There are 14 staff in DCCEEW. We as a taskforce are working closely with officials in the Department of the Treasury and the Department of Industry, Science and Resources in particular. You would have to ask them about their resources.

**Senator DAVID POCOCK:** The taskforce is located in DCCEEW?

**Mr Lowe:** That's right, correct.

**Senator DAVID POCOCK:** What is the budget for the taskforce?

**Mr Lowe:** The government provided \$5.6 million for the analysis in total. The taskforce has been funded from within that bucket. I don't have a figure in of me with the exact budget for the taskforce.

**Senator DAVID POCOCK:** Who is leading the taskforce?

**Mr Lowe:** It's me.

**Senator DAVID POCOCK:** Thanks very much. I had some questions about the sea dumping legislation. During the inquiry, the Department of Industry, Science and Resource's submission stated:

Further work would be required across government to ensure any relevant policy, legal and environmental issues are appropriately regulated and managed going forward.

I'm keen to ask questions about DCCEEW's involvement in this work. Are you the lead agency on this?

**Mr Gaddes:** I might have a go at trying to map out the various roles across the department and then you can direct your questions to those various places, if that's okay with you.

**Senator DAVID POCOCK:** Go for it.

**Mr Gaddes:** There is a division of labour between the two particular divisions, one which sits in environment side. Mr McNee will be the head of division. He will be here this afternoon under outcome 2. They look after the administration and enforcement of the Sea Dumping Act under Minister Plibersek. Those aspects which sit towards CCSU policy report to me. You can ask questions on broader CCSU policy and the transboundary movement policy aspects of cross-border movement and those sorts of things and the development of the industry here. There's a third aspect to that. The regulation of the offshore oil and gas sector, including CCS, goes to the Department of Industry, Science and Resources. I think the committee hearing is on Thursday evening.

**Senator DAVID POCOCK:** Thank you. Maybe on notice, could you provide a complete list of all further policy, legal and regulatory changes that the government will need to make to allow the export of CO2 to Timor-Leste? For each, can I get an idea of where they are up to, the expected time frames and whether there will be public consultation or not? The department website says that you developing an application process for sea dumping permits. It goes on to say that you are consulting with industry but not with anyone else. I quote:

We will consult with industry before we release the application form and guidance document.

I'm interested in why you are consulting with industry.

**Mr Gaddes:** That part is definitely in outcome 2 this afternoon.

**Ms Evans:** So we'll take the first part of your question on notice because that definitely goes to the steps that need to be taken under our CCSU work. That consultation process on the Sea Dumping Act belongs to the people who administer the act.

**Senator DAVID POCOCK:** Sure. I'll see you at two o'clock.

**Senator WATERS:** Hello, again, folks. I'm harkening back to the safeguard mechanism. As part of those negotiations, we secured a hard cap on absolute emissions so that total emissions have to reduce over time. That can't be achieved by the use of offsets. That is obviously about to start with the first year of data complete. Has the department prepared what the first year's hard cap is?

**Ms Johnson:** Thank you for the question. Just to confirm, there are a couple of aspects to that. The first is, as you know, the reforms started on 1 July last year. It is true to say that the first year runs to 30 June this year. We're still in the middle of that first financial year. There are a couple of aspects. There's the decadal net emissions budget, which is the 1,233 million tonnes. The most recent emissions projections—the 2023 emissions projections—showed that the baselines represent 804 million tonnes from this financial year to 2029-30. That implies a 16 million tonne reserve. I will round out the rest of the figures. That means we have used 412 million tonnes to the end of June 2023. That is about the net emissions budget, that decadal budget. In terms of the gross emissions needing to reduce year on year, based on a five-year rolling average, under the act, that provision actually doesn't start until 2024-25. That is the only provision that will start to require to reduce from 2024-25—next financial year rather than this financial year. Equally, the emissions projections released last November showed that five-year rolling average is projected to be met or delivered out this decade.

**Senator WATERS:** Thank you. Do we have any sense, noting that we're not quite through this current financial year, obviously, of whether gross emissions from covered facilities have gone up or down? Can we detect that yet?

**Ms Johnson:** I couldn't comment on this financial year, I'm sorry, Senator.

**Senator WATERS:** I think when we last spoke you said that there had been one notification from CCA or from the department about new projects that are likely to enter the safeguard mechanism?

**Ms Johnson:** Yes. It was a delegate from the environment minister. That delegate sits within this department. That's right. That was the Gregory Crinum mine approval.

**Senator WATERS:** Just the one so far?

**Ms Johnson:** That's correct, Senator.

**Senator WATERS:** For clarity's sake, can you go through the steps that the climate minister could take if it looked like the hard cap were to be breached?

**Ms Johnson:** Effectively, the act is not prescriptive in terms of the actions that the climate change minister could take. Effectively, it requires him or her to consult on the safeguard rules, the piece of subordinate legislation that sets all the parameters that determine the safeguard mechanism—for example, the 4.9 per cent decline rate, the way the baselines are established. The minister is required to consult on the rules if he receives advice from either the secretary or advice from the Climate Change Authority that there's a question that those objects that we've spoken through may not be met.

**Senator WATERS:** Can you go through what happens once that consultation has been undertaken?

**Ms Johnson:** It's probably in the nature of a hypothetical question at this stage. In the ordinary course of events, the minister would have the choice of amending the rules or taking other action outside the rules. An example would be funding mechanisms for onsite abatement. It is the nature of general policy options if we were to get to such a point. As I said, the current emissions projections project that all these targets will be met.

**Senator WATERS:** Thanks for flagging that there would be a full suite of options. Have you started work on what those options could be?

**Ms Johnson:** No, we haven't, because, as I say, all the parameters are showing that the targets will be met.

**Senator WATERS:** On that, there is some research from RepuTex which was reported actually in the middle of last year. It says that Santos's Barossa gas project is one of a slew of new liquefied gas and coal projects that will push gross carbon emissions covered by the Albanese government's signature climate policy up 12 per cent before offsets. RepuTex, which obviously model the current government's 43 per cent target, have recently released an analysis saying that 69 million tonnes of emissions from new projects would be emitted under the safeguard mechanism. Based on that work, has the department done its own analysis to see what the impact of new coal and gas projects is going to be on the hard cap?

**Ms Johnson:** Yes. We do continually consider that both in the development of the emissions projections as well as last year when we were developing the parameters for the reforms and then, of course, when we get the referrals under the EPBC Act. Our figures are nothing like what you've just quoted. I will give you projected new entrant baselines for oil and gas. They are 1.5 million tonnes from 2023-24 to 2029-30. For coalmining, it's 0.9 million tonnes from that same period. Collectively, those two add, for new fossil fuels projects, to 2.4 million tonnes over that same period.

**Senator WATERS:** Is that abated or non-abated?

**Ms Johnson:** That is net emissions, so that is where the baseline would sit. So any gross emissions above those baselines would need to be either abated or offset surrendered to come back within those baselines.

**Senator WATERS:** Okay. Can you explain for me, please, why there's such a big discrepancy between RepuTex's modelling and the department's?

**Ms Johnson:** I can't, I'm sorry, Senator. I would have to dig back into the RepuTex report you've just quoted.

**Senator WATERS:** I know that you have a lot on your plate, but I'd like to understand that. I will ask you to take that on notice to turn your mind to that.

**Ms Johnson:** Of course, Senator. I'm happy to.

**Senator WATERS:** Thank you. Our people's understanding of the RepuTex figures is that their contention is that new coal and gas projects would breach the hard cap. It sounds like you've reached a different conclusion because you say it would only be net 2.4 megatonnes. Again, that is an alarming discrepancy. Will you be taking any other action to ascertain the veracity of your figures?

**Ms Johnson:** I will take a step back to what we look at. We work with our colleagues that develop the emissions projections. They themselves look at the Office of the Chief Economist's list of projects. They are called the REMP. I will have to take advice for what that stands for. That is the list of forthcoming resource projects out to around 2028 and 2030 for some circumstances. A decision is made in terms of Australia's emissions projections on the likelihood that those projects will actually proceed. Some are very early in their development. Others, once they've taken FID, are included in the emissions projections. I see that Ms Rowley and Ms Ford have come to the table. We work with emissions projections to then look at if baselines were set in accordance with the safeguard mechanism reforms, which, as you are aware, is international best practice for new entrants, what the baselines would be as new projects come into the scheme. We really carefully look on a project by project basis. I am very happy to have a deeper look at the RepuTex work and try and come back on notice.

**Senator WATERS:** Is it possible that perhaps they are assuming different projects either do proceed and the department's assumed under the REMP which will proceed and which won't be different?

**Ms Johnson:** I'd really have to look at the RepuTex report.

**Senator WATERS:** Thanks for coming to the table. Are there projects on that REMP list that the department is not expecting to proceed?

**Ms Ford:** As Ms Johnson said, we include new projects that have been announced and have taken a financial investment decision into the emissions projections. They are reflected to the extent that they've taken a financial investment decision and are expected to proceed based on advice from the Office of the Chief Economist at the Department of Industry, Science and Resources.

**Senator WATERS:** Thank you. I think we've covered that ground before. I just have one more, and then I am finished with that. Santos says that it will begin producing gas from Barossa in 2025. It also says that a final investment decision on their Bayu-Undan CCS project won't be until 2025, if not later. Do the projections include that Bayu-Undan? What happens if they don't then build that bit, if you catch my drift?

**Ms Johnson:** I will start with the safeguard mechanism treatment. Maybe Ms Ford can then add. In terms of the safeguard mechanism, the question of the baseline depends on whether Barossa is treated as either a backfill to the existing Darwin LNG facility or treated as a new facility in its own right. That is something I think we've talked through in previous hearings.

**Senator WATERS:** Yes. What did you conclude?

**Ms Johnson:** The decision has not yet been concluded. That is a matter for the facility and the Clean Energy Regulator in terms of meeting the act and the regulations. It comes down to the ownership and different structures. We in both the safeguard and emissions projections have assumed that it is a backfill, which is a more conservative treatment. It would result in a higher baseline. If Barossa is defined as a standalone new facility, it will end up with a lower baseline and, therefore, have less impact on the parameters I've just been talking through. At the moment, we're assuming it's a backfill to ensure that there is sufficient budget. If it ends up being defined as a new standalone facility, it would have a lower baseline than we have assumed. In terms of your question about what happens if CCS is not operational, the facility would need to meet its baseline through the surrender of either Australian carbon credit units or safeguard mechanism credits or reduce their remissions in other elements of that facility if it were a Darwin LNG facility. That will be a matter for both the definition of the facility and then the owner of that facility to comply with the baseline.

**Senator WATERS:** Are there enough offsets in the system to support Barossa without Bayu-Undan?

**Ms Johnson:** We're comfortable, Senator, that there are enough offsets in the system based on our assumptions of baselines, which, as I've said, assumes for now that Barossa is a backfill to Darwin LNG.

**Senator WATERS:** And if that assumption is incorrect, would there be enough offsets?

**Ms Johnson:** I will have to take that on notice.

**Senator WATERS:** Thank you. I look forward to your response.

**Senator McKENZIE:** I have a few questions on the new vehicle efficiency standards. If I could have the relevant people at the table, I would appreciate it. Firstly, I would like to understand the level of interaction and work that your department had with the infrastructure and transport department in developing this impact analysis. Maybe, Secretary, you could help me.

**Mr Fredericks:** No. I think we'll start with Ms Rowley.

**Ms Rowley:** On the development of the new vehicle efficiency standards, our colleagues in the Department of Infrastructure, Transport and Regional Development, Communications and the Arts leads the development of that standard. We have been supporting the development of the work and particularly involved in the analysis around

the implications of Australia's greenhouse gas emissions. We note that is an important aspect of our work, including things such as the 2023 emissions projections, which I referred to earlier in this session.

**Senator McKENZIE:** Can I understand that your department gave technical advice around emissions reductions to the department of transport?

**Ms Rowley:** I would say that we worked very closely with them on the emissions analysis, which was an important part of their analysis to underpin the design and proposed model for the new vehicle efficiency standard.

**Senator McKENZIE:** Would it be correct to say that, in being able to provide them with that advice, the department has seen the modelling and analysis of a regulated fuel efficiency standard stage 1 report done by ACIL Allen?

**Ms Rowley:** Yes.

**Senator McKENZIE:** You have seen that. You are confident of that work?

**Ms Rowley:** The work was an important input into the cost-benefit analysis, which is reflected in the consultation impact analysis, which is now out for public consultation.

**Senator McKENZIE:** That is this document?

**Ms Rowley:** That's right.

**Senator McKENZIE:** Excellent.

**Ms Rowley:** I assume so. I can't read the cover.

**Senator McKENZIE:** No. That's not the gotcha moment, no. In terms of that ACIL Allen report, are you able to table a copy to this committee today?

**Ms Rowley:** I would need to take any tabling of the modelling on notice. My understanding is that we would need to seek advice. There are considerations in relation to cabinet confidentiality. I also understand that a public interest immunity claim has been claimed by—

**Senator McKENZIE:** Yes. It is a late public interest immunity claim.

**Ms Rowley:** department of infrastructure in another committee today.

**Senator McKENZIE:** Yes. The minister herself wrote to the Senate in response to the OPD and said, 'All the analysis you need is in the document,' which wasn't a public interest immunity claim. I think someone rang her over the weekend. She very quickly lodged a public interest immunity claim this morning. So it would seem a good lesson for all ministers to take the advice of their departments when responding to OPDs in the first instance. I will pursue that through other means. I think what we've seen since this document has been released is public commentary about the impact that the government's chosen option will have on the price of new vehicles that Australians love to drive. Using the limited analysis that we can use that we have in this document, there are projections that by 2029 the price of a Ford Ranger, the most popular new car sold last year, will rise in excess of \$11,000.

**CHAIR:** Is that a question?

**Senator McKENZIE:** No. Is that true?

**Ms Rowley:** Senator McKenzie, I think there has been some misunderstanding with respect to the nature of the government's proposal on the new vehicle efficiency standard. If it assists, we could explain briefly how it operates then speak to the specifics of the impact on individual models.

**Senator McKENZIE:** Yes, thank you.

**Ms Rowley:** The new vehicle efficiency standard operates by imposing an emissions intensity limit on the average vehicle across the whole fleet of vehicles provided by vehicle suppliers into the Australian market. It doesn't apply at the level of individual models. It's the fleet of vehicles that they bring into Australia on average. Given that vehicle suppliers offer large and heavy vehicles as well as smaller, more efficient vehicles, it is the average across all of those vehicles that determines their performance. Within the design of the proposed scheme, which is out for consultation, the vehicle suppliers are able within their own fleet to do the ups and downs to reach that average. They are also able to trade across with other suppliers. Where there are suppliers who on average beat their standard, they will have surplus credits, which are available to be sold to other brand owners.

**Senator McKENZIE:** Which can be purchased?

**Ms Rowley:** There is also some temporal flexibility in terms of banking and time to acquit any debits over time. There is a lot of—

**Senator McKENZIE:** Two years, isn't it?

**Ms Rowley:** For the acquittal of credits, that's right. So there's a number of different options that vehicle suppliers have before we get to—

**Senator McKENZIE:** They also have the option to withdraw vehicles from the market, don't they? That is an option available to them if they can't afford to operate within the system that you've outlined?

**Ms Rowley:** It is a matter for each of the vehicle suppliers to make their own call. After all of those flexible arrangements are concluded, it's really up to the suppliers whether to change the mix of both models as well as makes and then to meet their compliance obligations.

**Senator McKENZIE:** This sounds like a classic cap-and-trade emissions scheme.

**Senator McAllister:** Senator, you are asking a series of questions about the impact assessment. It is in the public domain. We are actually very interested in hearing people's views about it. The officials can obviously answer questions about how the scheme works. I think it is important to note that we're out for consultation on this. We're interested in hearing people's views. Our primary purpose is ensuring that Australians have greater choices in relation to the range of vehicles that are available.

**Senator McKENZIE:** Thank you, Minister. I have been consulting widely since the government brought out their impact analysis. The information I have is that it will drive up the price of cars that Australians love to drive. We are a unique market. Basing this on the US and ratcheting it up on the time frame, you have will have a significant impact on families that are seeking to find a car that suits their individual needs. It doesn't matter whether you are talking to consumer groups who are worried about the cost to purchase, Assistant Minister, or whether you're talking to the OEMs, which Ms Rowley is mentioning. They have also said there are issues around viability and choice. For the government to come out publicly and say it's going to be cleaner, cheaper and more choice is not backed up by the evidence in response to this document. Thanks for the advice, but I'd like to continue my questioning of the officials, which is my job here as an opposition shadow minister.

**Ms Evans:** Senator, if I may, there is a section in the report that you have a copy of there. It's on page 19. It goes through the question of the results from studies in countries where fuel efficiency standards have come in. Mr Ryan might take you through them. It is somewhat contrary to the anecdotal evidence that it seems you might be hearing.

**Senator McKENZIE:** Well, it's in all the newspapers as well, which I'm sure you've seen. If I may, Deputy Secretary, I would like the answer to my question. Having heard the description of how the scheme will operate, this is a classic cap-and-trade emissions reduction scheme, is it not?

**Ms Evans:** No, Senator. This is a new vehicle efficiency scheme, and the regulation is described at length in the discussion paper that you have in front of you.

**Senator McKENZIE:** If I got an economist in, how would they describe this scheme? They wouldn't say it's a fuel efficiency standard. That's its broad name. How this operates is classic cap and trade.

**Ms Rowley:** If I may—

**Senator McKENZIE:** I know you don't want to say those words because of their historical impact.

**Ms Rowley:** Senator, just a couple of things—the regulation underpinning this new policy would target the fuel efficiency of cars sold in the Australian market.

**Senator McKENZIE:** Yes, I understand. Sorry, Ms Rowley. I have only two minutes, so I'm going to go to the heart of my question. It is a cap-and-trade scheme. I'll ask Treasury. They'll tell me what it is.

**Ms Evans:** Well, it's not, Senator.

**Senator McKENZIE:** Another question I have—sorry, Deputy Secretary—because you are the technical experts is: have you been able to convert the CO<sub>2</sub> per gram per kilometre to a CO<sub>2</sub> per tonne? Is there an equation that you've been able to have within the department?

**Ms Evans:** It would take a number of assumptions. But we might take that on notice and come back.

**CHAIR:** The question was asked by Senator McKenzie. If you do have a response to her prior question, please feel free to answer it.

**Ms Evans:** Yes. With regard to the question of whether it is a cap-and-trade system, the answer is no, because there is no upper limit on the number of emissions associated with the vehicle fleet that this regulation applies to.

**Senator McKENZIE:** We'll see how we go in other committees. I will go to the charging network.

**CHAIR:** We can come back to you.

**Senator McKENZIE:** I've had two minutes. I've got another minute and a half.

**CHAIR:** You are now up to 11 minutes. We are doing 10-minute blocks where possible. If you have one last question?

**Senator McKENZIE:** Yes, I do. It is about the charging network.

**CHAIR:** I'm just trying to share the call fairly. Please ask your final question.

**Senator McKENZIE:** Of course you do. Is the department aware of the controversy over the government's diesel generator powered EV battery charging station at outback Erldunda? It's a diesel generated charging station. I am seeing nods.

**Mr Ryan:** Yes, I had seen that commentary.

**Senator McKENZIE:** How many of the 117 chargers that are installed in that partnership with NRMA are also diesel powered?

**Ms Evans:** Senator, I just want to clarify that they are not diesel powered chargers. They are renewable chargers, but they have a back-up diesel generator because we are experimenting here in remote areas with the best way of delivering charging services. The diesel is there as a back-up. The clarification is that we are talking about renewable charging stations that have a diesel back-up.

**Senator McKENZIE:** How many of the 117? Do they all have diesel back-up?

**Mr Ryan:** At this stage, that number hasn't been determined. What I can tell you is that, with the program through the Business Grants Hub that's rolling out through the NRMA, they have a number of approaches that they're taking. Because it is about black spots and it is a national network through roads that are well travelled between all the states and territories, there will be a number of solutions. The three solutions that bubble to the top at the moment—it might not be limited to these three—are ones that can be connected to the grid and get the capacity straight from the grid immediately to be able to operate. They are probably simpler ones in terms of setting up the EV chargers. They've installed that one as a prototype and are testing it. It is working very well in Mudgee. That one is being rolled out. There is a second one that is being deployed in Mittagong, which takes advantage of technology that utilises a battery to charge as well as using the grid, where the grid may not be able to provide the capacity to meet the requirements in what we have specified in the green agreement. That is being rolled out in Mittagong. It's a bit more costly, that solution, because it involves a battery as well. We've then got a third solution in the one you just alluded to.

**Senator McKENZIE:** I didn't allude to it.

**Mr Ryan:** The one you mentioned.

**Senator McKENZIE:** It exists.

**Mr Ryan:** Sorry, the one you mentioned there where you said—

**Senator McKENZIE:** At Erldunda.

**Mr Ryan:** Yes, that's the one. It was set up as part of the solar challenge, a demo when they went from Darwin through to Adelaide. They put that as a demo in there. The idea is that is off grid. It is supplied purely by solar. It is a prototype. There is a diesel back-up generator, which is common practice. The approach is if it rains or doesn't shine—

**Senator McKENZIE:** If the sun doesn't shine, what are you going to do?

**Mr Ryan:** Yes. You have a motorist who is relying on this network. You want to be able to charge. Having said that, I did ask the NRMA how that is going. They do stats to the site operator on a monthly basis. That has been set up. I asked how many times the back-up generator had been used and it was zero.

**Senator McKENZIE:** Great. It is pretty sunny in the outback.

**Mr Ryan:** Yes.

**Senator McKENZIE:** Of the 117, though, you said that is a prototype. You don't have a breakdown of the 117 yet?

**Mr Ryan:** They are working through that at the moment.

**Senator McKENZIE:** Right.

**Mr Ryan:** They are certainly testing their prototypes for the different capacity, whether it is on or off grid and what's available. They are proceeding on that. There may be other solutions as well that they are thinking about. There will be constant work. Put it this way: there may be at this stage a grid area that may not have the capacity

right at the moment but in 12 months may. Depending on the rollout schedule, it could change on which ones they deploy in terms of those three solutions.

**Senator McKENZIE:** Thank you.

**Senator PAYMAN:** Good afternoon. We touched on this with Senator McKenzie's questioning. I want a bit of clarification. Could you step us through the new vehicle efficiency standard but from the perspective of the strategy? How will the proposed new vehicle efficiency standard give Australian families more choice of cheaper to run, cleaner cars?

**Mr Ryan:** At the high level, the approach that is taken in the proposed impact assessments out for consultation at the moment is to have a headline limit, which we have talked about, for the different classes of vehicles. What it does encourage is for efficient vehicles to be supplied to the market over time. As we move through each year, more and more efficient vehicles are made available. This is at the manufacturer level in terms of compliance with the standard and more efficient models being made available. It's in the impact assessment. I'm not sure exactly what page. It talks about the number of models available in the market in the world that are available overseas but not necessarily here. It is not just for electric vehicles but for hybrid vehicles, plug-in hybrid vehicles and more efficient internal combustion engine vehicles.

**Senator PAYMAN:** Can you give us that comparison to vehicles sold overseas? What countries have implemented these standards?

**Mr Ryan:** I think the impact assessment talks about 85 per cent of the sales in the world being covered by some form of efficiency standard. It is a great number of sales in the world.

**Ms Rowley:** Senator, I will add a couple of things. Firstly, the vast majority of vehicle sales in the world are covered by fuel efficiency standards. That is part of what gives us confidence that more efficient standards than what Australia is currently achieving are actually feasible. For example, on average, a new vehicle sold in Australia uses 20 per cent more fuel than a new vehicle sold in the United States today.

Another aspect that is important to keep in mind with respect to achievability is that the proposed standard is going to over time catch up to where the United States is over time. We're currently starting well behind the curve in terms of emissions intensity. The proposed standard is to catch up to the United States. That's not the most stringent standard in the world. Both Europe and New Zealand will have more stringent standards than the one that is proposed for Australia. But, given that we're starting where we are, that was an important consideration in achievability.

The time point I would like to make is with respect to why it's important to get new policies in place for the transport sector in Australia. The government is committed to net zero by 2050. To achieve that, we're going to have to achieve emissions reductions in all sectors. Transport has grown as a share of Australia's emissions from 13 per cent in 2005 to 21 per cent last year. Without new policies such as the new vehicle efficiency standard, it is projected to grow to over 26 per cent of Australia's national emissions in 2030. So it is becoming a very significant part of Australia's overall emissions. If we are to achieve net zero, we will need to make changes. Ensuring that Australians have access to the most efficient vehicles on offer is part of how we'll get there.

**Senator PAYMAN:** Thank you, Ms Rowley.

**Senator McAllister:** Senator Grogan, I think if we are coming to the end of senators' questions—

**CHAIR:** We've got ages to go. We will break for lunch at 12.45 pm. We will come back after lunch to outcome 1.1.

**Senator McAllister:** I was simply going to say that the secretary is in a position to come back to Senator McDonald, as we said we would.

**Mr Fredericks:** Just to simply say that we will be in a position to deal with your questions around the Cairns water infrastructure project on Friday.

**CHAIR:** I might round us out and ask if you can give us a bit of an update on the rollout of the hydrogen hubs, particularly as they relate to South Australia.

**Mr Gaddes:** I might pass that question to my colleague Bronwyn Ray, who looks after the hydrogen program. Did you want an answer about all of the hydrogen hubs and the progress or just the South Australian hub?

**CHAIR:** Given that we've got only a few minutes, I might ask just about my home state of South Australia, if that's okay. We have literally two minutes, so just give a quick and dirty. How is it going?

**Ms Ray:** I am just turning to the facts sheet for South Australia. While I'm doing that, I will say that the grant agreement for the South Australian hub at Port Bonython has been signed.



**Mr Gaddes:** The Prime Minister announced that one before Christmas, yes.

**CHAIR:** If you have no further information, I think we'll leave it there.

**Mr Gaddes:** I think that's probably all we would offer. The grant agreement has been executed. They are off and running. I think that's about all we have to offer at this stage.

**CHAIR:** Alright. Thank you. We will break for lunch. Thank you very much. We will return at 1.45 pm to continue with outcome 1.1. Thank you.

#### **Proceedings suspended from 12:44 to 13:45**

**CHAIR:** We will now return to outcome 1, program 1.1, Reduce Australia's greenhouse gas emissions.

**Senator CADELL:** I will follow on from some questions from Senator Hughes earlier. I know we can't comment on supply chain demands with regard to slavery. I note that outcome 1.1 is reduce Australia's greenhouse emissions. What consideration do we give to worldwide emissions when we're looking at outsourcing our policies and our products? Is that considered? Do we only care about what we do in Australia?

**Ms Evans:** We certainly care about what is happening globally in a lot of the work that we do through our international partnerships. All of the work we do through the UNFCCC is definitely focused on the global problem. When we do our own accounts and our construction of our target and how well we are tracking towards our target, the only thing we look at are the emissions that are actually occurring on Australian territory.

**Senator CADELL:** I 100 per cent get fitting into the contextual world frame of where I'm going with this. My concern is this: it fits into the electric vehicle strategy. We are talking about increasing the number—this will be wide-ranging—of electric vehicles on our roads. In 2022, 60 per cent of the electric vehicles were manufactured in China. It is now estimated that more than two-thirds are. China has made no commitment to carbon reduction. Is that right?

**Ms Evans:** No, that's not quite right. Ms Munro might comment. They have a different type of commitment to Australia. They have made commitments. I will let our experts answer that question.

**Ms Puleston:** China does have an emissions target. As Ms Evans said, it's a different type of target to Australia. It's to reduce the carbon intensity of its economy by over 65 per cent below 2005 levels by 2030.

**Senator CADELL:** Sixty per cent by 2030?

**Ms Puleston:** Over 65 per cent below 2005 levels by 2030.

**Senator CADELL:** Do we monitor that?

**Ms Puleston:** Monitor in—

**Senator CADELL:** Are there report cards? Does it go to the COP? How do we tick a box or otherwise on their things?

**Ms Munro:** That is part of the provisions of the Paris agreement and transparency in that reporting from countries. That is a significant thing that all countries, including China, need to do.

**Senator CADELL:** Specifically, when did China make that commitment? I don't expect you to know China's policy inside out.

**Ms Munro:** It is a commitment of the Paris agreement and the transparency in reporting. That is the difference from what we had under the Kyoto protocol and the differences between developed and developing countries.

**Senator CADELL:** My concern is this: China, as I said, is probably making two-thirds of the world's EVs now. They sell over 70 per cent of the cathode construction required for the greening or electrification of networks. They control 70 per cent of graphite in the world that is essential for all these things. They are supplying 60 per cent of turbines for wind. Aren't we exporting our pollution to a country that has 28.9 per cent of the carbon emissions of the world?

**Mr Fredericks:** Senator, I'll have a crack first. It's a very broad question. You very kindly said that at the start. There are two issues here. One is the discussion about each country's commitment to Paris. That constrains each country in what it ultimately can do over the course of the next decades. Part of the answer to the issue you pose is the fact that there is an international system governed by the Paris accord which constrains. That has its part to play in preventing or mitigating against what you said. Secondly, of course, there is the interaction between what we do in this country and, as you say, what that means in terms of our own domestic industries vis-a-vis what is being done in the rest of the world. It has been a constant issue in Australia as a trading nation. I think that is where the government's—I can't talk about this at length, but I will just put it on your radar—modern manufacturing fund and strategy is another piece to that puzzle. I think it understands the issue that you are putting. It is a concerted effort to build a greater Australian manufacturing capability and greater resilience in our

supply chains than we would otherwise have but for that strategy. It is done with an eye to those sorts of broader climate and emission issues that you are discussing. It's a terrific issue that you've raised and it's very broad. There will be a range of really big policy issues at play. My best attempt to square it for you in this forum is to say that, at the international level, there is constraint on nations and the emissions that they can create in their manufacturing. Australia similarly is constrained. It is desirous of pushing towards our emissions reduction targets. We are looking for opportunity in manufacturing to build our own domestic manufacturing capability, which will help deal with that trade-off.

**Senator CADELL:** Given we haven't built cars for some time and we're not likely to, that's problematic. I know there are other areas in components. In front of an American Senate committee last year, it was said by the automotive manufacturers that there is no possibility of slowing the growth of Chinese EV car demands for a couple of years. You can't build an EV in the rest of the world without Chinese components for at least a couple of years given their dominance in the industry. My concern as an Australian lawmaker, as we are here, is our taxpayers and our consumers. With these energy policies—let's not question the validity of them—are we subsidising the construction, industry and economy of a country that is 28.9 per cent of the world's emitters and is building over 100 coal-fired power stations? Are they benefiting? When do we draw the line? Until they start burning pandas for fuel, when do we care enough that they are emitting to build our clean technologies? That is my real concern. It is not worldwide. We have enough trouble tracking our own 102 measures and what they are doing here and there for the world. China is benefiting by using fossil powered fuels to build our clean energy. How is that rational in a greener world?

**Mr Fredericks:** The discussion that we could have at length around the modern manufacturing strategy is part of an answer to that. Another one I would put to you, Senator, is the critical minerals focus of this nation. To be fair, I was the secretary—

**Senator CADELL:** China has a few of them too.

**Mr Fredericks:** I was the secretary of industry and resources under the previous government, when there was a concerted effort to lean into critical minerals. That continues. That is because it is a comparative advantage that Australia knows we can develop. So in many ways, at the end of the day, this is an issue where we as a nation are looking for our comparative advantages in the new economy as that economy becomes bound across the world by emissions constraint. So it is a proper exercise to look at some of the challenges; you have described one. There will be more. I think it is also important to look at the opportunities that present as well, which would not be there but for that issue. I think Australian domestic policy, be it in this portfolio, in the resources portfolio or in the industry portfolio, and policymakers and advisers do have, and have had for some time, a keen eye on understanding other international implications and where they are able to be mitigated on a sensible, rational basis of comparative advantage.

**Senator CADELL:** Minister, have there been ministerial level discussions across countries at forums like COP and other things to discuss this pollution export in transport or the different levels between them?

**Senator McAllister:** I think the question of which responsibilities are assumed by which countries is a constant source of discussion at the COP. Australia went to the last COP in good company with others arguing for an increase in ambition and for an honest assessment at COP28 about how we were going. The big task in the COP work plan that was due to be delivered in December in Dubai was a commitment under the Paris agreement called the global stocktake, which was an assessment about how the world is going in implementing the Paris agreement. Our approach was that we needed that to be robust, honest and to point the way for the commitments and reforms that will be necessary in coming years to make sure that the world is on track to meet the goals agreed in Paris. Yes, this question about the relative contribution of all of the different nations that participate in the climate discussions is a constant source of discussion. I think the questions you point to in terms of the Australian economy could be expanded to include a couple of additional elements. Our opportunities lie not only in meeting the demand that is generated domestically for low-carbon products but actually in meeting what we know is an enormous growing demand internationally for low-carbon products. Much of the government's work that the secretary talked you through across different departments is focused on making sure Australia is in the best possible position to reap the opportunities there. One of the big advantages that Australia possesses is that we have both land and substantial renewable resources. We also have very substantial quantities of critical minerals and other mineral resources that are essential to the transition not just here but globally. It is making sure that over time we build out the infrastructure and the industry capability necessary to really take advantage of all of that and meet not just our own demands but also the demands we know are coming towards us from partners in our region and further afield.

**Senator CADELL:** I have one last question. Ms Munro, on notice, could you get me when China made that commitment and how they are going in the last two or three years?

**Ms Munro:** I'll take that on notice.

**Senator CADELL:** Thank you very much.

**Ms Evans:** I want to add one extra point. Ms Puleston has already described the commitment as their 2030 or 2035 commitment. China has also made a commitment to get to net zero emissions by 2060. They might be taking a different trajectory to others, but they have made that commitment.

**Senator WATERS:** Hello again. I have one follow-up question for Ms Johnson about safeguards baselines. When we last spoke, you said that 2.4 megatonnes was the net impact from coal and gas. Could you let me know what the gross impact was, please?

**Ms Johnson:** I'm sorry, Senator, but I don't think I have the gross impact. Because we work on the baselines, they are the figures that I have. They are the baselines for new entrants. I don't have the projected gross emissions from those same new entrants. I would have to take that on notice.

**Senator WATERS:** Yes, please. Thank you. The head of the World Meteorological Organisation last week pointed out that the rate of human caused climate crisis is accelerating. This comes after quite a devastating 2023. The minister has said that climate is an existential risk that is obviously a civilisation ending threat. I want to talk about risk and the level of risk management that the government is prepared to manage. The head of the World Meteorological Organisation has confirmed acceleration in the rate of global heating. Its impact has caught everyone by surprise. Has the department updated advice or protocols on things like mitigation timelines and the expected timing and severity of climate impacts which are now, sadly, out of date?

**Ms Geiger:** What I can share with you is the work that is happening on the national climate risk assessment. This is a program of work where we are working with states and territories and industry and a large body of the private sector in consultations to identify the key risks that Australia is facing at a national level as a result of climate change on three different time horizons—2030, 2060 and 2090. It's through this body of work where we're looking at issues such as heat and what impacts that has across a range of sectors, such as agriculture, defence, health et cetera.

**Senator WATERS:** Will new modelling be done under that climate risk assessment to accommodate these changed circumstances?

**Ms Geiger:** It's drawing on the latest information that we have, largely through the Australian Climate Service, which is also tapping into CSIRO and others.

**Ms Evans:** I might see whether Ms Smith wants to add. We are doing some work on coordinating modelling efforts around Australia in the national partnership.

**Senator WATERS:** Thank you. Just before you do—and I am interested in that—for clarity, are you updating the modelling that the national climate risk assessment is based on to factor in the information and the comments from the World Meteorological Organisation last week? Are you using some different data set that you rattled off that I didn't quite catch?

**Ms Geiger:** I would have to take the specifics on notice. Largely what we are looking at is the modelling that is held by Australia rather than directly sourcing data sets—

**Senator WATERS:** Largely or completely?

**Ms Evans:** I think we said that we will take it on notice to check.

**Senator WATERS:** Okay. Thank you. Before we go to you with that lovely detail, in the high-end scenario, what level of global warming to 2050 are you modelling under that national climate risk assessment?

**Mr Johnston:** Under Act 2050, we are doing a 1.5 to 2 degrees scenarios and, at 2090, a 2 to 3 degrees scenario. I will clarify that we are not running new modelling per se. You can explore this more with the BoM when they come on because it is being done by the Australian Climate Service. We will identify in the next few weeks a short list of prioritised risks, which will be subject to further quantitative assessment. That may involve some downscaling of data. It may involve other quantitative and qualitative analysis. But there won't be another big global climate model run for the national climate risk assessment.

**Senator WATERS:** Thank you. Just for clarity's sake, in the plausible high-end scenario, you are saying that you are modelling only 1.5 to 2 degrees by 2050. I too have that aspiration, but I sadly feel that we might need to be preparing for other eventualities. What are we considering for the plausible high-end scenario at 2050?

**Mr Johnston:** As part of stage 2 that we do this year, when we go to those risks that we will deep dive into, we will be looking at systemic risk, cascading risk and multihazard risk. Certainly that low probability, high-impact damage will be part of that, but it will be done through an analysis of particular risk and how it will play out rather than a global climate model run.

**Senator WATERS:** Do you have different risk scenarios that you consider?

**Mr Johnston:** In general, there will be a core scenarios for 2050 which is based upon population projections, economic projections, spatial data and climate projections so you get a sense of Australia in 2050. You then take a particular risk—for argument's sake, it's heat—and look at how extreme heat will play out in a particular sector in Australia in 2050. It is a deep dive into the particular of how the system will cope with the particular hazard, correct.

**Senator WATERS:** With the 2050 time frame, are you only looking at the base scenario of 1.5 to 2 and then overlaying what things might do to that, or are you also considering other higher temperature ranges?

**Mr Johnston:** The 2090 scenario is 2 to 3.

**Senator WATERS:** Yes. You said that. I'm asking about 2050.

**Mr Johnston:** I don't know yet that detail because we haven't finalised that methodology with the ACS. We are currently working with them at the moment to bed it down.

**Senator WATERS:** I don't understand what you just told me. What does that stand for, please?

**Mr Johnston:** The Australian Climate Service, which is the partnership between the Australian Bureau of Statistics, the Bureau of Meteorology, CSIRO and Geoscience Australia. They appear, I think, as part of the Bureau of Meteorology this afternoon.

**Senator WATERS:** You said you are waiting on them to tell you the methodology to draft your national climate risk assessment?

**Mr Johnston:** We are working with them to finalise the methodology for each of those risk deep dives that we are going to do this year. We have been talking with them for some weeks about it. We are also talking to other Commonwealth departments and other experts about how to best go about it. That is certainly a work that is very much in progress at the moment.

**Senator McAllister:** Senator Waters, at the end of the first phase, which was a qualitative process that drew on expert elicitation and desktop research, it identified a short list of issues to contemplate, which it will shortly release. That will then be the subject of more detailed work over the course of 2024.

**Senator WATERS:** Thank you for that context. Again, I am sorry to belabour the point, but I come back to the temperature scenario for 2050. You've said that at the minute it is 1.5 to 2 degrees and you are doing overlays of what various parameters will mean for civilisation. That is a very nobly optimistic scenario. Are you not modelling different temperature ranges? If not, why not?

**Mr Johnston:** Again, we're not specifically doing new climate runs. We are using the existing data.

**Senator WATERS:** 'Projection' perhaps is the word I should be using, not modelling.

**Mr Johnston:** Again, it's not so much stage 2 as a top-down, large-scale model. It's more of a bottom-up build based around the particular hazard and how it will play out in the different systems that we are looking at, such as natural environment and infrastructure.

**Senator WATERS:** Yes. But if you are assuming that the temperature is going to rise only 1.5 to 2 degrees, what is the point of doing those overlays? That is not a realistic scenario. I am sorry to be frustrated. What scenarios are you countenancing for 2050? Why have you only chosen one, if that is in fact what you are telling me?

**Ms Geiger:** This is the first national climate risk assessment that Australia has done. It is a big step forward to be doing this work even with the scenario of 1.5 to 2 degrees. It has brought together a range of stakeholders and is advancing the understanding of what climate risk has to Australia. In this first risk assessment, we are looking at only those scenarios of 1.5 to 2 degrees to 2050 and then 2 to 3 degrees to 2090. That will advance our understanding significantly, which will then inform the national adaptation plan that Australia is doing, again, for the first time. That will identify actions that different levels of government, industry and communities can take to prepare for climate change.

**Senator WATERS:** Thank you. Who decided it would be 1.5 to 2 degrees by 2050? Was that a decision of government?

**Ms Geiger:** I believe those decisions were taken through the methodology to develop this first national climate risk assessment. That methodology was developed through consultation with academics and was subject to consultation around that methodology. So it was quite a rigorous process to come to that conclusion.

**Senator WATERS:** But we're not on track for that. I don't understand why that was chosen. I wish we were, but we're just so obviously not, based on evidence from those very bodies in a whole host of public situations. I'm sorry if I am missing something here. I don't understand why you are doing a risk assessment based on a scenario that is so below what is actually going to happen. It doesn't give you an adequate picture of risk. Isn't that the whole point of doing this risk analysis—to understand what the risks are? Why do it on an unrealistic scenario?

**Ms Evans:** We don't think it's unrealistic. You are expressing your take on it. As Ms Geiger has said, we've formed the approach we've taken based on a lot of consultation and developing methodology. If in the future we want to consider some other ranges, we will be able to do that. For the moment, they are the scenarios we are working with.

**Senator WATERS:** So you actually think that we will constrain warming to 1.5 degrees by 2050?

**Ms Evans:** That is the scenario we are working with.

**Senator WATERS:** I really look forward to policies that we deliver on that. We would totally support them. But no new coal and gas would have to be the first thing that you rule out if you want to stick to that. I think we're at cross-purposes. Thank you, Chair.

**Senator McDONALD:** I want to segue to my questions on safeguard changes and international best practice standards. Australia's is considered by the International Energy Agency to be one of the lowest emissions natural gas producing countries in the world. Can the department explain why the proposed international best practice emissions intensities are on average 84 per cent below and as much as 97 per cent below Australian industry average emissions intensity?

**Ms Johnson:** As we've spoken about this morning, I will take a step back. The government consulted in July and August on draft guidelines of how to set international best practice emissions intensity values for all production variables where they are required under the safeguard mechanism. As a result of that public consultation, the final guidelines that were released on 15 December 2023 increase the number of facilities that we would use as a base for determining that international best practice from two to five. The share of production would increase from 10 per cent up to 25 per cent of Australian production. We would need international facilities to look at their emissions intensity to determine what is international best practice.

Having consulted on those guidelines, as I spoke through this morning, we then sought advice on both the technical approaches for best practice with facilities internationally that represented the lowest emissions intensity and whether or not there should be any adaptations for Australian circumstances, particularly climate and geology, in developing those values. We then consulted on a range of proposed best practice values, around 20 of them, between 15 December 2023 and 16 January 2024. That included for oil and gas. For a number for those production variables, it is true that the Australian top 10 per cent—so production weighted average emissions intensity for those production variables—performance represents international best practice. For others, there were international facilities. In Norway, in the UK and in the US variously across our production variables, they've had lower emissions intensity values. As per the guidelines, they represented more than 25 per cent of Australian production. That is what we have consulted on. We are currently considering the feedback received through that consultation.

**Senator McDONALD:** Do you think that locations such as Norway offer a good comparison, given that you have a completely different climate and that there's less energy required to cool and compress LNG? It is my understanding that some of the energy facilities are outside the fence and not included in their emissions assessment. That is different to Australian LNG producers.

**Ms Johnson:** They are important questions that we did think through. We thought about whether there is a need to make adaptations for Australian circumstances. LNG compression is one where there is a climate link. But the two facilities in the US we looked at which represented more than 25 per cent of Australian production are actually not in colder climates than Australia. We really carefully considered the selection of those. In terms of your question about Norway, we also took advice on whether there is a temperature correlation between that natural gas processing, that industrial process, and climate. The advice from EY is that there isn't a strong correlation between the energy intensive requirements and that industrial process. As you pointed out, we did carefully consider the need for Australian adaptation.

**Senator McDONALD:** Who provided that advice?

**Ms Johnson:** That was EY, as we talked about this morning.

**Senator McDONALD:** We had great feedback on them this morning. The Australian oil and gas industry has raised serious concerns that the proposed international best practice emissions intensities will create a barrier to entry to new natural gas supply projects in Australia. At a time when the ACCC and AEMO are urgently calling for new gas supply, can the department assure that we will see the new natural gas projects developed that we urgently need in this country to ensure energy security and keep energy prices affordable?

**Ms Johnson:** We as the department think carefully through the likely facilities that will be using these international best practice facilities. Of course, there is a range of production that will be exported as well as new facilities that may be using them domestically. We have considered that. As we've talked through earlier today, there's a range of compliance options that each safeguard facility has available to it. It can purchase Australian carbon credit units. Many facilities have the capacity in their corporate structures to generate safeguard mechanism credits from other facilities. There's obviously the option of onsite abatement, so CCS projects. An example is Moomba. There's a range of options available to facilities to meet their obligations under the safeguard mechanism.

**Senator McDONALD:** That is new facilities as well as existing facilities?

**Ms Johnson:** That's right. Exactly.

**Senator McDONALD:** We have seen as part of the future gas strategy consultation that Australian manufacturers, including in key sectors such as steel, aluminium, cement and chemical production, see a critical and ongoing need for natural gas to keep their businesses running. Can the department assure this committee that the proposed international best practice emissions intensities will not prevent these key Australian businesses from getting the natural gas supply that they need to keep the Australian economy going and Australians employed?

**Ms Johnson:** I can talk to the feasibility of these projects. Other colleagues in the room may be able to talk about gas supply more generally. As I said, any new gas producing facility has a range of compliance options available to it under the safeguard mechanism that will allow it to both commence production in Australia and meets its obligations under the safeguard mechanism.

**Senator McDONALD:** So you don't believe that there will be no impact on the operations of projects with the implementation of these best practice standards?

**Ms Johnson:** I said it will require new entrants to take every available opportunity to reduce the emissions intensity of those new developments.

**Senator McDONALD:** I understand what you are saying. But are you not concerned about additional supply coming to the Australian market?

**Ms Johnson:** As I say, we are comfortable that there is a range of compliance options that will allow these new projects to both proceed and meet their obligations under the safeguard mechanism.

**Senator McDONALD:** Have you consulted with the ACCC and AEMO about what they believe the projections will be based on the introduction of the best practice guidelines?

**Ms Johnson:** It is not my area in the department to look at gas supply in general. All I can talk about is that we have looked at the projects that are most likely to start up to 2030 and use these best practice benchmarks. As I have spoken about earlier today, we project the baselines for new facilities, such as the Narrabri project, as we've spoken about, and if Barossa were defined as a new entrant rather than a backfill to an existing facility.

**Senator McDONALD:** Do you expect that, with the additional costs of the offsets and other management practices, businesses will pass those additional costs to consumers?

**Ms Johnson:** There is a range of mechanisms that facilities have. We're aware that at the moment you would be aware that an ACCU price is about A\$35 a tonne. Many corporates, including some of the major oil and gas facilities, have been building in carbon prices for a number of years now well above that \$35. So they are factored into those arrangements that have been underway for many years.

**Senator McDONALD:** So you don't expect that there will be an increase in the gas price as a result of compliance with this standard?

**Ms Johnson:** I think the compliance has been considered by companies when they've been thinking about these investment decisions for a number of years.

**Senator McDONALD:** I will ask you to table a full list of every facility used as benchmarks and the calculations that were used to pick those benchmark facilities, please.

**Ms Johnson:** I'm happy to take that on notice.

**CHAIR:** Senator McDonald, I alert you to the fact that we are at what would be a rotation. You are the only senator left with questions. At this time, we are running approximately four hours behind time. Anything you can possibly put on notice we would be deeply grateful for.

**Senator McDONALD:** I appreciate your challenge, Chair. I am sorry to be adding to the time pressures. I do have several more questions, thank you. You are going to provide me an answer about consultation, are you?

**Mr Duggan:** I came to the table in case you want to drill further into gas supply issues.

**Senator McDONALD:** Consultation on gas supply. I am sorry to be unclear.

**Mr Duggan:** Ms Johnson is better placed than me to talk about consultation on the safeguard mechanism specifically. In terms of the general topic of gas supply, from the point of view of its requirements in terms of Australia's energy needs, it is something, of course, on which we consult very closely with the ACCC and AEMO. As you know, they put out forecast projections. Inevitably there is a need for Australia to look to additional gas supply, particularly from 2028, according to those projections. In the context of the future gas strategy being led by Minister King, certainly that is a dominant consideration in that strategy.

**Senator McDONALD:** Thank you. I am trying to understand whether or not there has been any discussion between the departments and consultation about the impact of these best practice emissions intensities on bringing additional supply in Australia. Has there been any work? If it's no, please tell me that and I will move on.

**Ms Evans:** There has been consultation because the benchmarks themselves have been out for comment.

**Ms Johnson:** That's right, Ms Evans. The international best practice was an element that the government consulted on last January in setting the reforms. That is not something that is new or recent. Since January 2023, the government has signalled and sought views and consulted. We got about, I think, 250 submissions in that round of consultation on using international best practice to set emissions intensity values for new entrants.

**Senator McDONALD:** I am concerned that we're not modelling or don't understand what this is doing to new entrants to the market and what it will do to new supply. We know that supply is coming off rapidly. I am not feeling that assurance that, as a nation that relies on gas for manufacturing and for energy supply, we really have any understanding of what this new policy is going to do to new entrants and new supply.

**Mr Duggan:** I guess there are a couple of things here. First of all, as I alluded to before, we're very cognisant of the future gas supply outlook and the fact that, from 2028, there is a need for additional gas to what is currently being committed. That is the key thing that sat behind the government's reframed approach around, for example, the mandatory gas code of conduct. As you know, through those discussions around the enforceable undertakings with the large gas suppliers in Australia, very significant additional gas supply commitments have been made backed up by new investment. As I said before, this is really the key focus of the future gas strategy being led out of the industry department. Our input into that has been to highlight the need for Australian energy in particular and electricity. Of course, the safeguard mechanism is something that, now being in place, will inform those considerations as to what policies we may need in place to ensure that we are able to extract the gas.

**Senator McDONALD:** I hear what you are saying. I think we are working on wishes and hopes, not actually an understanding of what the implementation of these international standards are going to do to the attractiveness of investment in this country. I will leave that part there. There are serious concerns that the proposed international best practice emissions intensities for new LNG projects will make future LNG projects uneconomic in Australia. At a time when our key energy partners in the region are questioning our commitment to reliable LNG exports, can the department guarantee that the proposed international best practice emissions intensities for LNG will not impact the energy security of our key regional partners?

**Ms Johnson:** Well, maybe I will start on specifics and others might add to it. I spoke this morning that the department is actually assuming that some of these big new LNG developments will actually be backfilled to existing facilities. In that sense, many of the production variables—for example, that Barossa could choose to use—would not be set at international best practice values. So it really comes down to the definition. For a new gas field backfilling an existing LNG facility, some of those production variables are set at the existing facility's production variables settings. The reservoir of CO<sub>2</sub>, for example, is set at zero. That has been discussed now for just under a year. If a facility hasn't used a production variable before, it will be set at international best practice. It depends which developments you are speaking of exactly how they will be treated under the new arrangements.

**Senator McDONALD:** It appears that the international best practice emissions intensities for the oil and gas sector are significantly more onerous than for other parts of the Australian economy. Is the government using the safeguard mechanism implementation and those international best practice values as a back door way to kill the oil and gas industry in Australia, particularly at a time when new gas supply is being called for by independent authorities, key Australian manufacturers and our regional energy partners?

**Senator McAllister:** No. I think, Senator, you know that is a stretch to describe our policy settings in that way at all. It really is not credible. I think the official talked you through the approach that the government is taking, which is to examine what international best practice is for each industry in a really detailed way, looking at the evidence before us, and then engage with the industry and consult with them in a transparent way, as Ms Johnson has explained to you.

**Senator McDONALD:** So that is a no, then, Minister?

**Senator McAllister:** To your question?

**Senator McDONALD:** Yes.

**Senator McAllister:** To the inflammatory question you asked, it most certainly is no.

**Senator McDONALD:** It's not inflammatory. That's the feedback I'm having from trade partners and from industry players. It is not inflammatory. I am repeating the reality that is happening in our market.

**Senator McAllister:** Well, we're always interested in feedback. It is the reason that we've gone to consultation.

**Senator McDONALD:** The ACCC has highlighted that new gas supplies are needed to prevent upward pressure on gas and electricity prices for Australian households and businesses. Can the department assure this committee that the extremely onerous proposed international best practice emissions intensities for the oil and gas sector will not stop the development of natural gas supply in Australia and, in turn, exacerbate the cost of living pressures for ordinary Australians?

**Mr Fredericks:** I think Ms Johnson has answered that question on the basis of everything that she has said to date. I will ask Mr Duggan to add, as I know he will. But the precursor to Mr Duggan's answer is all the information that Ms Johnson has given about the processes that we've gone through.

**Senator McDONALD:** Ms Johnson has talked about process. She has talked about international standards and a range of other things. I am specifically trying to understand the impact and, it seems, the lack of modelling for the impact of the introduction of this policy on cost.

**Mr Fredericks:** Again, I will go to Mr Duggan on that.

**Mr Duggan:** The best evidence we have before us is, as I mentioned earlier, the commitments made subsequent to the safeguard mechanism being known, including for new facilities and the commitments that the government received from gas producers in the context of discussions around the mandatory gas code of conduct. There was a commitment to provide around 230 petajoules to the end of 2027. This is additional gas above what they had already committed to provide into the east coast market. There is an additional 560 petajoules to 2033. Again, that is in the context of the safeguards mechanism policy. They were prepared to make those additional supply commitments.

**Senator McDONALD:** That's new gas. That's not taking it from the export market. That is all new gas. You are including the Queensland projects that have not yet commenced.

**Mr Duggan:** I am including in that one of the LNG gas exporters. In that context, yes, they face a choice between providing it to the domestic market or exporting. The other three gas producers that have made those commitments are domestically based and focused gas producers.

**Senator McDONALD:** Can you name them?

**Mr Duggan:** I can, yes. It is on the public record. It is Senex Energy, Esso and Woodside.

**Senator McDONALD:** When we talked about the Senex project last time, it hadn't had approvals. Have those approvals been finalised now?

**Mr Duggan:** The commitments that have been made by these gas producers step through all of the preconditions for that gas being provided. In some cases, it does include approvals processes. In some other cases, of course, there's financing elements required. All of these are conditional.

**Senator McDONALD:** I was specifically asking whether Senex's project has received its final approvals.

**Mr Duggan:** That is probably a question better put to our environment colleagues.

**Senator McDONALD:** The Australian oil and gas industry has raised serious concerns about the lack of transparency from the government in developing the proposed international best-practice emissions intensities under the safeguard mechanism. Can the department explain to this committee why they won't allow independent scrutiny of the process by which the department, in partnership with Ernst & Young, set these values?



**Ms Johnson:** From our perspective, we got the advice from EY and then used that to QA it and then to publicly consult. I and my team met with representatives from both AEP as a collective and the companies one on one throughout January. I'm aware of at least two meetings I attended with AEP as well as at least one other meeting with one particular facility. I know that my team has met a couple of other times. So we have really looked to sit down with the oil and gas industry and talk them through the process that we took as per the published guidelines, as we've spoken about. The Wood Mackenzie data that we have accessed has commercial-in-confidence aspects. That is why we weren't able to publish the exact figures we had used. But we have certainly spoken to the oil and gas AEP as well as representative members on a number of occasions to give them the data points we used to allow them to seek to replicate the figures we have proposed.

**Senator McDONALD:** That is a matter of some concern—the lack of transparency and the ability for them to independently scrutinise that project. I encourage your endeavours to continue consulting with them. It is very important.

**Ms Evans:** Senator, I will clarify. The point that Ms Johnson is making is that it is a data set that is available to us that is subject to restrictions on its use because of commercial-in-confidence aspects of the contract, presumably. The companies that Ms Johnson has been speaking with can also access those databases. They need to pay a subscription fee, or whatever it is that they need, to get access to it. They have been given enough information to identify the same data that we are able to use. So it hasn't been an issue of a lack of transparency. In fact, we have told them exactly where they can find the data.

**Senator McDONALD:** Okay. There are serious concerns that the proposed international best-practice emissions intensities will undermine the competitiveness of Australian energy and manufacturing exports by increasing the costs of doing business in this country. Can the department explain how the proposed international best-practice emissions intensities for the oil and gas sector compare with the emissions reductions requirements for oil, gas and LNG production elsewhere in the world?

**Ms Johnson:** I would have to take that on notice.

**Senator McDONALD:** Thank you. Can the department explain how the agreement between the Labor Party and the Greens to set international best-practice emissions intensities for new gas fields serving LNG production at zero aligns with the department's methodology for determining international best-practice emissions intensities?

**Ms Johnson:** That was a conclusion reached through the safeguard mechanism reforms based on the availability of CCS and very low reservoir CO<sub>2</sub> emissions fields. That was agreed in March last year. There have been no changes to that since.

**Senator McDONALD:** So you are going to provide on notice which international facilities that DCCEEW has selected to determine the production values for the oil and gas industries. Could you also add what criteria was used in selecting these facilities? What due diligence did the department do to ensure that these were appropriate facilities used to set the values for Australian operating conditions, particularly that issue that identified where the energy component of the field is not included in the production part of the field? That was the US one that you referred to before. What modelling has DCCEEW done to assess the economic impact on the Australian oil and gas industry, including the development of new facilities against these proposed production variables?

**Ms Johnson:** We haven't done any model, Senator. As I said, the current ACCU price is well below the carbon price that we are aware that these companies have been building into their own forecasts and investment decisions for many years now.

**Senator McDONALD:** This is my final question. I will ask you again, Mr Duggan: when you talked about the supply agreement previously, there was a reference to the exemptions. They've not yet been tabled. They are supposed to have been made public. Have I missed something?

**Mr Duggan:** You are correct, Senator. The intention is that, subject to commercial sensitivities, the ACCC will publish further detail on the exemption commitments. They are working with each of them who have applied for and succeeded in gaining an exemption to work out exactly what can be put on the public record in this regard. As you can imagine, there's a range of commercially sensitive information that would need to be extracted from that before it was made public.

**Senator McDONALD:** Do you have a sense of when that would be—first quarter, second quarter this year?

**Mr Duggan:** Again, this is really a question for the ACCC. My sense is certainly no later than the end of the first quarter; that would be my expectation.

**Senator McDONALD:** Thanks, Chair.

**CHAIR:** That being the end of outcome 1, program 1.1, we have no further questions and dismiss any officers associated with that. We will now move to outcome 1, program 1.2.

**Senator HUGHES:** I have questions on energy transmission and the changes to national frameworks, such as the capacity investment scheme and Rewiring the Nation. Billions of dollars are being spent in these programs, particularly around renewable energies and their transmission. Could you give us an update of how much might be going towards the retooling, managing and maintenance of our current infrastructure?

**Mr Duggan:** I will clarify the question. Do you mean the current energy infrastructure?

**Senator HUGHES:** Yes. How much is going into our current infrastructure? What sort of management, maintenance or investment is there in even transmission lines and the infrastructure required for coal, gas and those still dominant forms of energy as opposed to just investing in rewiring the nation?

**Mr Duggan:** That would bring in certainly a lot of private sector investment and an awful lot of state investment. Of course, the electricity sector is largely a state government responsibility with some assistance from the Commonwealth. It also brings in some Commonwealth investment. In order to give you a figure, we would need to, in a sense, combine and aggregate all of those different elements of it. I don't have a figure in front of me, Senator, to give that to you right now. We can take that on notice.

**Senator McAllister:** Are you talking just about transmission or all of the—

**Senator HUGHES:** The whole sector. Coal and gas are still playing a very vital role in our energy mix. They are still the predominant contributors to our energy make-up. In fact, they are the affordable, reliable baseload power that we need to keep manufacturing going in this country. But we spend a lot of time talking about all of this investment, the capacity investment scheme and how we've now got financial incentives in that are going to apparently cost billions of dollars. We don't talk very much about what is happening within the coal and gas sector to keeping it going. I am trying to understand from a policy perspective. Are we still backing it in or are we chucking it out and just going, 'Renewables here we come?'

**Mr Duggan:** I want to ensure that we are able to come back with a comprehensive answer to your question. I want to understand it correctly. A lot of the investment in existing energy infrastructure was made some time ago. Are you interested in the absolute asset values, or are you interested in the current investment?

**Senator HUGHES:** When we sit down and look at the energy mix, do we sit around the table, from the government's perspective, and go, 'Renewable, gas, wind, solar, hydro, battery?', or at some part of that discussion does coal and gas come up as still producing the majority of our power?

**Mr Duggan:** Absolutely it does. I take you to the most recent publication on this, which is AEMO's draft 2024 integrated system plan. They step through the current contribution of each of the generating technologies to our current electricity mix. They then make various projections under different scenarios for what that mix could look like in 2030 and out to 2035 and beyond.

**Senator HUGHES:** Last week, NGER came out saying that they were withdrawing 138 megawatts of diesel generation in South Australia from 1 July. They've cited the absence of appropriate revenue streams. The capacity value of the client is the main reason for the withdrawal. This generation is vital, particularly in South Australia. I'm sure Senator Grogan understands when it's particularly hot that it is to keep the lights on and make sure there are no blackouts in South Australia. There seems to be an awful lot of investment. I come back to the capacity investment scheme. Originally it was six gigawatts for batteries and hydro. Now it's 32 gigawatts. The government is now putting taxpayers on the hook for supporting nearly every megawatt of that generation if it doesn't make a profit. There's a guaranteed profit there for them. There is a huge cost to taxpayers in boosting this renewables sector. We've got traditional energy generators leaving the market. What is the investment into making sure that the traditional forms of energy are there long enough for the technology to catch up? I understand the need for technology investment; I'm not disputing that. I'm saying that you can't just put all your eggs in that basket and let the other stuff fall away and exit the market too early, not be supported and leave us with big gaps.

**Senator McAllister:** Managing the transition is one of the key areas of focus in energy policy for this government and our partners in the states and territories. Of course, the national electricity market is a shared venture. We collaborate very closely with the other non-member states as well. Obviously under the previous government more than 20 coal-fired generators announced their closure or brought forward their closure date. There was no policy response to that at all. The challenge for our government and our state and territory partners is to move quite quickly to remedy the problems that policy gap caused. It is on that basis that the work Mr Duggan has been referring to is being undertaken. I think Mr Duggan can talk you through the way that capacity

investment scheme seeks to support investment over time to deal with that capacity gap. This is work, of course, that, again, occurred prior to the election of our government but was never completed.

**Senator HUGHES:** I appreciate, Senator McAllister, that nothing ever is this government's fault. This government—

**Senator McAllister:** It is important to state.

**Senator HUGHES:** This government set up the CIS after they scrapped the advice of the energy security board, establishing a capacity mechanism not only designed for new dispatchable generation but also to smooth the exit of existing generation. We have to keep existing generation going. I think we established earlier, when I asked how many solar panels we have, that we are nowhere near the 60 million solar panels that need to be in by 2030. We are nowhere near the 40 wind turbines per month that Minister Bowen said we needed by 2030 over eight years. There are potential gaps in that transition. You can look back and blame anyone you like, but I can tell you, Minister, that no-one is going to look back and blame someone else when their lights are off or their manufacturing business is forced to close because affordable, reliable baseload power doesn't exist anymore. So there is a race to renewables. There is an absolute race to renewables. No-one is denying it. That is what everyone is calling it. We are spending all our money on the race to renewables. We are doing everything we can to boost new players into the renewables market of wind and solar. Wind and solar here we come. I'm trying to understand at what point there is either acknowledgement that coal and gas are no longer part of this government's plan or that there is actually a focus on coal and gas that is going to ensure affordable, reliable baseload power stays part of the market for the foreseeable future.

**Senator McAllister:** Senator, I indicated to you that the transition is amongst the highest priorities in our energy work. Mr Duggan can talk you through the way that the policy settings support that.

**Mr Duggan:** Senator, you are correct that our current thermal generation fleet is ageing. It is a fact.

**Senator HUGHES:** A lot of state governments have a lot to answer for.

**Mr Duggan:** On average, in the national energy market, a coal generator today in Australia is 33 years old. According to analysis by the Australian Energy Council, the average retirement age is 42 years, so there is a need to invest in the next round of renewable generation. I referred before to the integrated system plan by the Australian Energy Market Operator. They have, of course, an increase in renewable generation. They also have the continued presence of thermal generation in 2030 under the optimal scenario, as they describe it. There is still 11.3 gigawatts of gas production by 2030 and 11.4 gigawatts of coal generation capacity. So there is a recognition of the important role that those technologies will continue to play in firming the market. As Minister McAllister referred to, the capacity investment scheme and other government policies are really about investing in the dispatchable capacity that is needed to keep reliability before the ageing coal-fired power generation creates reliability issues. We are trying to get new dispatchable capacity in before we start to see the impacts of ageing coal-fired power.

**Senator HUGHES:** But it is also a race to 2030. There is the 82 per cent renewables by 2030, which was a date and a target set by this government. It is an arbitrary number that they've started to put up. We never did that. This sort of aggressive investment structure to boost renewables is a consequence of that race to 80 per cent renewables by 2030. They are aware in the New South Wales state government that it is going to have power. They will keep it open, and it will be open for a few more years, yet Minister Bowen has claimed that it would only remain open for a matter of months. What is the back-up plan to keep the lights on?

**Mr Duggan:** The plan is to invest, including through the capacity investment scheme, as much dispatchable generation capacity as quickly as we can to provide the alternative technology solutions. To do so, I mentioned before a big part of that is getting there in advance of other dispatchable forms—thermal forms of electricity generation coming out of the system. I think you heard from Ms Rowley earlier about the contribution of getting to 82 per cent in order to achieve 43 per cent emissions reduction by 2030. So it is absolutely central to achieving the natural emissions reduction goal as well.

**Senator HUGHES:** Wouldn't it be great if we had nuclear? We have thermal. They have about a 100-year lifespan. That would be fantastic. We wouldn't have to worry about a 42-year coal-fired station. You would have a 100-year station.

**CHAIR:** Ask the question, Senator Hughes.

**Senator HUGHES:** It is my birthday and I get to be a bit cheeky, so I will leave it at that.

**Senator McAllister:** Happy birthday, Senator Hughes.

**Senator HUGHES:** Thank you.

**CHAIR:** Senator Waters?

**Senator WATERS:** I don't have any questions until we get to CEFC, Chair.

**CHAIR:** We will go to Senator McDonald.

**Senator McDONALD:** Thank you very much, Chair. I will return to the mandatory code. I turn to last year's MYEFO. Can you talk through the \$41.9 million in funding that has been spent on the mandatory code? Is that you, Mr Duggan?

**Mr Duggan:** It comes within my group. I might turn to my colleagues to give you an answer.

**Mr Atkin:** The MYEFO measure that you are referring to is \$41.9 million over the forward estimates. The split was \$25.4 million for DCCEEW, \$12.2 million for the ACCC, \$2.4 million for the Department of Industry, Science and Resources and \$1.9 million for the Treasury. That is all over the forward estimates.

**Senator McDONALD:** Specifically, I was looking for on what. Is it staff? Is it monitoring? I assume the ACCC is more staff and more monitoring for \$12.2 million. What is Treasury doing with their \$1.9 million?

**Mr Atkin:** I think those agencies would be best placed to discuss this.

**Senator McDONALD:** Yes, of course.

**Mr Atkin:** I can give you a high-level readout of our understanding. Treasury has a role in particularly working through ministerial conditional exemptions. As part of that process, the energy minister and the resources minister are decision-makers. Through that process, under the regulations there's a requirement to consult with the industry minister and the Treasurer. We work very closely with the Department of Treasury in assessing those applications.

**Senator McDONALD:** Thank you for that. I appreciate that they are other agencies. How about DCCEEW? What are you spending the \$25.4 million on?

**Mr Atkin:** The department has a lead role in the negotiation and administration of the ministerial exemptions. We undertake policy and legal analysis to support the implementation and administration of the code. We're also working on increasing transparency in the east coast gas market, particularly on the amount of uncontracted gas that needs to be produced and the timing of when that gas would be brought to market.

**Senator McDONALD:** Please finish.

**Mr Atkin:** There's also a statutory review of the code that needs to occur no later than 1 July 2025. We also have a lead role in that piece of work.

**Senator McDONALD:** Does that mean you would be, given your role in assessing future supply, doing some analysis of the best-practice emissions intensities policy implementation?

**Mr Atkin:** That is outside the work that we have been doing specifically in relation to supply, yes.

**Senator McDONALD:** Thank you. So it is \$25.4 million over the forwards for those tasks. That is a lot of people, isn't it?

**Mr Atkin:** The department didn't receive any specific funding for the implementation of the code at the time the decision was made. That MYEFO measure reflects ongoing resourcing over the forward estimates to deal with the administration of the code.

**Senator McDONALD:** Why was this funding not previously announced with the code? What changed between the budget and MYEFO that required this additional funding?

**Mr Atkin:** I'm not sure that anything changed specifically, just that at the time the decision to implement the code was taken, there wasn't a resourcing decision specifically for this department at that point in time. So that decision was taken in the MYEFO context.

**Senator McDONALD:** Maybe the secretary gave some advice to Treasury that he needed a few more dollars to make it all work.

**Mr Duggan:** Senator, you may recall that actually there was a lot of policy work and consultation that went in between the announcement of the intent to do the code and then the finalisation of the design. It wasn't until the finalisation of the design that we were in a position to work with the Department of Finance on the full costing to departments of the implementation. That is why money came through late. As Mr Atkin mentioned, that therefore meant we had already committed resourcing to working on the code. This gave us the supplementation to make that sustainable.

**Senator McDONALD:** I think you have done very well to claw money from Treasury after the work had been done. I think that is a real kudos to you. What is the process for consideration—I am turning back to the

exemptions now—of an application for an exemption? Could you detail the steps involved? Who needs to sign off on a decision?

**Mr Atkin:** Applications for exemption must be based on the forms and the guidance provided on the department's website. We work very closely with the applicants to clarify the information and seek any additional information required to support that assessment. As I mentioned before, the decision-makers are the minister for energy and the minister for resources in consultation with the Treasurer and the industry minister. We have a governance structure that mirrors that decision-making framework. We work very closely with the related entities, the agencies, to consider those applications in coordinating advice that is provided through to ministers and decision-makers to take a view on the applications.

**Senator McDONALD:** How is the effectiveness of the code being monitored and evaluated?

**Mr Atkin:** Primarily, the ACCC is responsible for administering and enforcing the code. As part of its ongoing gas inquiry, we would expect that it is providing regular updates on how the code is being implemented and managed.

**Mr Duggan:** I think the monitoring and assessment exist on two levels. One is the enforcement of the undertakings that may have been made by the individual gas producers. The ACCC is taking a very intensive approach to making sure that, as preconditions are met for producers meeting their supply commitments, those commitments come through to market. The other element of it is, of course, we are very actively monitoring wholesale gas markets to ensure that we see the impacts we're expecting from broadly a pricing point of view and a conduct point of view; remember that there are two limbs to the code. Through our consultations through the gas sector and through both industrial users and other consumers of gas, we ensure that effectively through those consultations the policy intent of the code is being realised in the market.

**Senator McDONALD:** To date, what is that assessment saying? That it has been effective?

**Mr Duggan:** I would say at a macro level it has been very effective. We look at pricing outcomes in the wholesale gas market since the code came into force. I think the last report I saw from the ACCC was that broadly 90 per cent of transactions in the wholesale gas market have taken place at a price level below the reference price in the mandatory code of conduct. I think we would say that is one good indication. It is probably too early for the ACCC to make many assessments of whether the exemptions framework is having the intended impact from the point of view of new gas supply. One thing we are getting positive feedback on is that the conduct provisions of the code do seem to have changed the contracting arrangements and the way that the gas producers are engaging with gas consumers in the market in positive ways. Of course, this is a mandatory code. Were we or, more importantly, the ACCC to hear otherwise, the ACCC has the powers to effectively apply penalties were that not to be the case. It is early days, but thus far there are positive signals.

**Senator McDONALD:** The code, though, is between the producers. The retailers are not included in the code, though.

**Mr Duggan:** That's correct. The retailers in this context are a consumer of gas. There is no equivalent at this stage mandatory code of conduct for the retail part of the gas sector. The ACCC was asked to monitor and provide advice to the government around conduct within the retail part of the market. They've issued, I think, one report so far on their observations. We are continuing to monitor to inform advice to government on whether or not an equivalent may be required at some point in the future for retailers.

**Senator McDONALD:** The code, you said, Mr Atkin, will be reviewed in 2025. How and when will this review be conducted?

**Mr Atkin:** That is still to be, I think, determined. There's a statutory requirement under the code that occurs no later than 1 July 2025, so there is a bit of work to do to work out how that will be undertaken.

**Senator McDONALD:** Thank you. I have a couple more questions on this, Chair, and then I am finished on this topic.

**CHAIR:** Well, you are at 10 minutes, so we're probably going to rotate and come back. There is a lot of people with questions on this.

**Senator RENNICK:** I have some questions about the carbon capture unit.

**Mr Fredericks:** Chair, I think Senator Rennick's questions are in outcome 1.1, but I have noticed that our team is here, so we are good to go.

**CHAIR:** Here it quite clearly says it's 1.2.

**Mr Fredericks:** Apologies.

**Senator RENNICK:** I checked that before.

**CHAIR:** Senator Rennick conferred earlier and then we left.

**Mr Fredericks:** The team are ahead of me. They stayed.

**Senator RENNICK:** What specific advice has the CSIRO given the environmental departments as to the risks of pumping up to 730 million litres of CO<sub>2</sub> into the Great Artesian Basin?

**Senator McAllister:** Senator Rennick, it might assist officials if you are a bit more specific. I assume that—

**Senator RENNICK:** I'm referring to the proposed trial that is going to be undertaken by Glencore. They are going to take CO<sub>2</sub> emitted from the Millmerran power station and they're going to pump it into the Great Artesian Basin at Moonee.

**Senator McAllister:** Thank you. That's helpful.

**Ms Evans:** We might have to take it on notice. We have never received any advice along those lines. Maybe we need to leave it at that. I am not sure how much involvement we actually have with that project.

**Mr Gaddes:** That seems like the sort of thing that would be sent to an environmental regulator to assess. We might support it through various different grants programs. I am not sure that we are supporting that one through a grants program. It seems like the sort of advice that might be provided to the environment side of the department or to a state regulator. As Ms Evans noted, we will take it on notice and go and see what we've got on our records.

**Senator RENNICK:** Okay. You say the environmental regulator. Which environmental regulator?

**Mr Gaddes:** It could be the state EPA or our colleagues in outcome 2, who do EPBC Act assessments.

**Senator RENNICK:** What is the name of their department?

**Mr Gaddes:** I haven't followed all of that.

**Senator RENNICK:** We are now in outcome 1.2 now, not 2.1?

**CHAIR:** That's right. We are in 1.2.

**Mr Gaddes:** It is outcome 2 this evening. I will come back to you on notice with the name of the state department because they change as frequently as the Commonwealth departments.

**Senator RENNICK:** Yes. I realise the state department is going to do their checks and balances as well. I am interested in what the federal department is going to do in terms of whether or not there will be a trigger to override what the states do. Obviously, I'm concerned about CO<sub>2</sub> going into the Great Artesian Basin and whether or not that is going to have an impact on the farmers and the agricultural sector in that part of the world.

**Mr Gaddes:** It's definitely outcome 2 this evening. The state department would be the Queensland Department of Environment, Science and Innovation.

**Senator RENNICK:** That's fine. They're state. I want to talk about what the federal government is going to do with regard to looking at this and whether or not there will be a trigger to override what the state government may or may not do.

**Mr Gaddes:** Understood, Senator. That is outcome 2 this evening.

**Senator RENNICK:** Thanks.

**Senator McAllister:** I realise it is frustrating. CCUS technology generally may be discussed in this part, and the energy part of the department has carriage of any of the financial programs in the department. Approvals are in the EPBC part, so that part of the department that administers the environmental approval legislation. They are on later this evening.

**Senator RENNICK:** Great. I do have a general question, though, about the technology.

**Mr Fredericks:** Everything we've said is correct. The EPBC approvals and that process is on tonight on outcome 2.

**Senator RENNICK:** Sure.

**Mr Fredericks:** The Great Artesian Basin policy issues also fall in outcome 4 in water on Friday.

**Senator RENNICK:** Thank you. As a general question, though—this is not in regard to a specific project—I am curious whether the Great Artesian Basin contains phytoplankton or some form of natural process that recycles CO<sub>2</sub>? While in the atmosphere trees recycle CO<sub>2</sub>, the ocean has phytoplankton that recycles CO<sub>2</sub>. Putting CO<sub>2</sub> into something that can't recycle it when you've got options for free just seems really counterintuitive and counterproductive.

**Mr Fredericks:** This team here won't have that knowledge. It is about the nature and quality of the Great Artesian Basin. I think that is one for outcome 4.

**Senator RENNICK:** That is why I asked my original question about what the CSIRO has told you guys.

**Ms Evans:** We will take it on notice to look at that question. Usually carbon capture and storage are not relying on a recycling effect. It's more reliant on the fact that once you put the carbon dioxide down under significant pressure, it stabilises and becomes inert at that level. That is usually how these things work. Work has been done by the CO2 CRC in the Otway area. It has been looking at that. We will need to look at whether there has been anything around the impact on the aquifer. I'm just not aware.

**Senator RENNICK:** If Glencore go ahead and pump up 750 million litres of this stuff and that's just a trial and the start of future projects, you could end up with a lot of CO2 in the Great Artesian Basin. I am curious to know whether or not we've done proper quality controlled tests as to the safety of putting such a large amount of CO2 back into what otherwise is clean water.

**Mr Gaddes:** In outcome 2, there is a process called the Independent Expert Scientific Committee. They look at underground interactions like that for water, coal seam gas and projects like that.

**Senator RENNICK:** I will come back and pose these to them.

**Mr Gaddes:** They would have the requisite expertise to engage on that topic for you.

**Senator RENNICK:** Thank you.

**CHAIR:** Senator Cadell has passed over to Senator McDonald to finish her questions.

**Senator McDONALD:** Thanks so much, Senator Cadell. He's a good man. I want to go back to the future gas strategy. What is DCCEEW's involvement in the future gas strategy? I understand that it is being developed by DISER. One of the elements of the FGS refers to decarbonising the economy. That would surely come under DCCEEW's remit, I imagine.

**Mr Duggan:** I will start and my colleague Ms Svarcas will add. DISER has set up a set of interdepartmental committees to take forward the future gas strategy. I'm DCCEEW's member along with Ms Evans on the SES band 3 level committee. There is also an SES band 1 committee, of which DCCEEW is also a member. Through that committee we're providing input. Of course, one of the things that we're making sure that we bring to that discussion is a focus on domestic energy needs insofar as gas will be important to that in the future.

**Senator McDONALD:** Given that CCUS is a big part of the decarbonising toolkit, has DCCEEW been pushing for that to feature in the strategy?

**Mr Gaddes:** I wouldn't characterise it as pushing for it to be involved in the strategy. I think there's common understanding between the Department of Industry, Science and Resources and this department of the need for CCUS going forward. I wouldn't say that we were either strongly advocating for it or not. We just mutually recognise the importance of it as we go through the transition.

**Senator McDONALD:** It's my understanding that other jurisdictions, such as Canada, for example, a competitor to Australia, are actively promoting CCUS opportunities and attracting, indeed, some Australian investors to Canada. I'm concerned that we're not actively promoting the opportunities for CCUS utilisation in conjunction with gas supply development. Am I too harsh in characterising it like that?

**Mr Gaddes:** I wouldn't seek to judge you, Senator. I could highlight some of the things we are doing to enable a CCS industry to emerge. If you were to go to the estimates session for DISER on Thursday, you could ask some questions about the acreage release that Minister King has done in recent years to allow the CCS projects to occur offshore. The government passed amendments to the Sea Dumping Act so that they could ratify the amendments to the London Protocol to allow the cross-border transfer of CO2.

**Senator McDONALD:** Movements, yes.

**Mr Gaddes:** There's also a range of regulatory work that needs to be done in outcome 2 of this department to enable permits under the Sea Dumping Act. So there is a range of activities happening across government to enable CCS to occur. I think while there are no subsidies like there might be in other countries, there's a lot of work in the regulatory scheme to allow CCS to emerge as an industry.

**Senator McDONALD:** I hope we're not being too slow and that our competitors aren't cutting our grass. They are very active in this space and Australia is not. Yes, providing the regulatory framework is important, but we live in a competitive world. I take your advice on talking to DISER on Thursday night. I think we are being a bit flat-footed. Will the department seek to have a role in the implementation of the future gas strategy?

**Mr Duggan:** The future gas strategy recommendations and findings are currently in the process of being pulled together. Depending on where the future gas strategy lands and the discussion at the cabinet, no doubt there will be implementation aspects of it. I would be surprised if DCCEEW didn't have a role in that future implementation.

**Senator McDONALD:** How is DCCEEW contributing to the modelling aspects for the strategy?

**Mr Duggan:** There is a lot of detailed analysis that is being done for the future gas strategy by DISER. We, through the interdepartmental committees I referred to earlier, are playing a peer review role. They are sharing us that with us. We have some gas expertise within DCCEEW, which we're bringing to help them to refine that analytical base for the recommendations that they are putting. So it is very much in that spirit of peer review that we're contributing.

**Senator McDONALD:** What is DCCEEW doing to ensure that the strategy addresses the structural gas shortages that AMEO and ACCC are forecasting in the near term?

**Mr Duggan:** As I referred to earlier, Australia's domestic future gas supply needs really sit very front and centre in the future gas strategy considerations. DCCEEW is, of course, bringing that perspective to all the discussions. DISER, of course, have their own expertise. Of course, the resources minister is the one who first and foremost is responsible for the gas extraction side of this equation. We're more on the demand and the energy use side of this equation. But it comes together pretty well in the context of our shared analysis that we do need, notwithstanding projections of decreasing gas demand over a longer time, more gas supply in this country out to 2030 and beyond.

**Senator McDONALD:** What work is DCCEEW doing outside the strategy to address this looming structural gas shortfall?

**Mr Duggan:** As I mentioned before, Senator, this was very much the frame we took to the work we did with the Department of Industry, Science and Resources, the ACCC and the Treasury and the work around the mandatory gas code of conduct. There was an opportunity there with that instrument for us to make a substantive contribution to providing greater certainty and greater clarity of supply into the short and the media term around gas. I would describe that as a contribution of the department to this. More broadly, it is through what I referred to earlier, which is our contribution to the future gas strategy. There is that recognition, in particular, of our need in the east coast market. As the southern fields in Australia deplete, we're going to need to find replacement fields, even if you consider the decline in demand.

**Senator McDONALD:** Thank you, Chair. They are all my questions.

**CHAIR:** Thank you very much.

**Senator ROBERTS:** Thank you again for being here today. I refer to a media release from the Department of Climate Change, Energy, the Environment and Water. It is entitled 'Australia's fuel reserves boosted to strengthen resilience and supply'. Can you please tell me how many days in fuel stocks—

**Senator McAllister:** Senator Roberts, I am so sorry. Would you mind giving us the date? That will help officials track down the document that you are referring to.

**Senator ROBERTS:** It is 14 November 2022.

**Senator McAllister:** Thank you.

**Senator ROBERTS:** Can you please tell me how many days in fuel stocks Australia currently has of petrol, diesel and jet fuel?

**Ms Svarcas:** Under the minimum stockholding obligation, our industries are required to have 24 days of petrol and jet fuel and 20 days of diesel. As at 16 January—I will convert that to megalitres for you—we had 1,699 megalitres, so more than the required 24 days of petrol. We had 2,780 megalitres of diesel, which is more than the required levels under the MSO. For jet fuel, we had 547 megalitres, which again is above the MSO.

**Senator ROBERTS:** Thank you. Are those dates of fuel reserves in Australia? Are the reserves in Australia?

**Ms Svarcas:** They are either in Australia or in Australian waters. Yes, they are in Australia.

**Senator ROBERTS:** So that count is water stocks or reserves held overseas?

**Ms Svarcas:** Not reserves held overseas, Senator. They are reserves held in Australia or in Australian waters.

**Senator ROBERTS:** So it is in Australia and in—

**Ms Svarcas:** And in—

**Senator ROBERTS:** How many in Australia?



**Ms Svarcas:** I'm not sure if my colleague has a breakdown of what is in the country.

**Senator ROBERTS:** Physically on Australian shores right now.

**Mr Cano:** The stockholding obligation enables the entities to count stocks that are being held within Australia's exclusive economic zone, and that's taken as part of the total number. So they are in Australian waters on their way to shore.

**Senator ROBERTS:** So the waterborne reserves are inside our economic zone?

**Ms Svarcas:** Correct.

**Senator ROBERTS:** We're obligated to keep 30 days—that's three months of fuel reserves—by international agreements—correct? And plain common sense says we should be doing that. How many days does the 1,699 megalitres of petrol represent?

**Mr Duggan:** Are you referring there to the International Energy Agency's oil stockholding requirement, which I think may be different to the international—

**Senator ROBERTS:** Could you explain the difference?

**Mr Duggan:** Yes. With respect to oil, there is a 30-day minimum stockholding requirement through the International Energy Agency, but I'd just distinguish. In fact, three months, or 90 days, of net imports is the requirement. I'd just distinguish that, though, from what Ms Svarcas and Mr Cano just gave evidence of, which is the minimum stockholding obligation domestically imposed by the government to ensure fuel security.

**Senator ROBERTS:** What is the difference between the international agreement for 90 days or three months and our own, hopefully, commonsense based requirements?

**Mr Duggan:** Crude oil is 90 days—international energy oil—

**Senator ROBERTS:** And some of that is stored overseas?

**Mr Duggan:** Yes, it's held in the US Strategic Petroleum Reserve.

**Senator ROBERTS:** How is that a reserve for us onshore here? If China or anyone else puts a blockade on us, that's gone.

**Mr Duggan:** Senator, I'm just trying to make sure you don't conflate what are two different frameworks here. The one that Ms Svarcas and Mr Cano were referring to is a domestic fuel minimum stockholding obligation. That applies to petrol, diesel, jet fuel—

**Senator ROBERTS:** That was in the release from your department on 14 November 2023?

**Mr Duggan:** That's correct. And then the International Energy Agency's 90-days-of-net-imports requirement is around crude oil, and that's obviously a separate—

**Senator ROBERTS:** How many days of crude oil are in Australia or within our economic zone on a boat right now?

**Mr Duggan:** The last reporting was in November, and we reported 50 days of holdings.

**Senator ROBERTS:** In Australia?

**Mr Duggan:** No, because as part of that we are able to count the Australian holdings and the US Strategic Petroleum Reserve.

**Senator ROBERTS:** For someone sitting at home watching this who's concerned about our oil security in a blockade by a foreign country, what sort of security have we got? Fifty days?

**Ms Svarcas:** I might just clarify the evidence, Senator.

**Senator ROBERTS:** Whose evidence? Yours or Mr Duggan's?

**Ms Svarcas:** Mr Duggan's evidence. We don't currently have any stocks in the US stock reserve. That's been sold. The IEA days that Mr Duggan has referred to—so the international obligation days—

**Senator ROBERTS:** The 90 days?

**Ms Svarcas:** The 90 days. We currently have 55 days of stock in there. I might just explain why it's 55 days and why we haven't met the 90 days. The way that's calculated is on total eligible stocks divided by the net imports. Because Australia has been importing more fuel, it brings down the calculation of IEA days—the 90 days—which is why we're tracking for 2023.

**Senator ROBERTS:** Could you explain that again?

**Ms Svarcas:** IEA days, the 90-day international obligation, are the total eligible stocks divided by daily net imports in the previous calendar year.

**Senator ROBERTS:** Daily net imports, not daily usage?

**Ms Svarcas:** Correct. This is why they're two different calculations. The IEA days are about imports. Because Australia is producing less fuel and importing more, it means, just by basic mathematics, that the IEA day count will start coming off. But that does not mean in any way that we are fuel insecure, because the government has made a number of interventions—measures to ensure our fuel security—including through, as I described, the minimum stockholding obligation that means that our importers and producers must hold a certain amount of stock in Australia. So in fact we are more fuel secure now, despite the IEA days not being the 90 days.

**Senator ROBERTS:** So we've basically got three weeks or four weeks of processed fuels: diesel, petrol and jet fuel? Either on our ground or on ships near our coast?

**Ms Svarcas:** In our waters.

**Senator ROBERTS:** That's all?

**Mr Duggan:** It's 38 days of petrol, 24 days of jet fuel and 31 days of diesel.

**Mr Fredericks:** Senator, can we take something on notice which might help you? I'm pretty confident those numbers are reasonably higher than they have been in the past. I don't have it here; it's just a recollection I have. So to give you the full picture—

**Senator ROBERTS:** You're saying these numbers are higher than what we've had in the past?

**Mr Fredericks:** Yes. But I'd like to test that, and I'd like to come back to you on notice with that.

**Senator ROBERTS:** Okay. Minister, has the government done any work to determine what a reasonable and safe level of jet fuel stocks, diesel stocks and petrol stocks is? The country runs on hydrocarbon fuel. Like it or not, that's a fact—transport, food, agriculture production.

**Senator McAllister:** You're right that it's extremely important. It has been an area of work for the government, and the secretary can talk you through the details.

**Mr Fredericks:** Yes, I was going to say, Senator, just to be clear, that back in, I think, the middle of last year, 2023, the government set what it regarded as the appropriate minimum stockholding obligations.

**Senator ROBERTS:** The current government in 2022?

**Mr Fredericks:** Correct, and my team can correct me if I'm getting this wrong. To answer the question you have posed, it made a judgement about what the appropriate minimum stockholding obligations for those three fuels were. To give you an example, the minimum stockholding obligation for petrol is 24 days. I understand it increases at some stage to 27, but at the moment the country holds 38. So petrol is one where the judgement—and the answer to your question, 'What's the minimum required?'—is 24, and current holdings are 38. So that's a pretty good picture—

**Senator ROBERTS:** All the figures I've just been given are above the requirements?

**Mr Fredericks:** Correct.

**Senator ROBERTS:** But there's still only a maximum of around three weeks, four weeks and five weeks, respectively?

**CHAIR:** Senator Roberts, we're going to rotate the call. I believe they've taken on notice—

**Senator ROBERTS:** Could I put something on notice?

**CHAIR:** I was going to say we can come back to you.

**Senator ROBERTS:** Can I get the derivation of those figures on notice, please?

**Mr Fredericks:** Yes. We'll take that on notice.

**Senator ROBERTS:** The number of days?

**Mr Fredericks:** Yes.

**Senator ROBERTS:** Thank you.

**CHAIR:** Senator Cadell.

**Senator CADELL:** I want to talk about the AEIC report—Mr Dyer's report. The government, in principle, accepted the report and said they've been going through the recommendations. Mr Fredericks, has your department been asked to look at those recommendations and do any work on them to date?

**Mr Fredericks:** The answer to that question is that I think it's publicly known that (a) the government has said that it supports those recommendations in principle; and (b), consequentially, yes, the department will start work and give consideration to advising the government on a final response. My recollection is that the work also needs

to be done with the states and territories. It will be operated through ECMC, so we'll be involved in that as well and, of course, we'll have views around appropriate policy responses in more detail.

**Senator CADELL:** The concerning thing for me is that 92 per cent of landholders and stakeholders feel that there's not great consultation on the process going forward. Theme 5 of that report said they needed greater information about why this is happening. Surely the government doesn't believe that ignorance of the situation is the reason landholders want to protect their land?

**Mr Fredericks:** I'm going to ask Mr Duggan to do something shortly. It's important to put that report in context. It's an important report, and Mr Dyer's a respected figure. But he recognised—and I think it's also more generally recognised—that it's not a report operating in a vacuum. There's other work that has been done in order to deal with the challenge of social licence. And it is a challenge, the government understands that—I think we all understand that as a matter of common sense. But I do want Mr Duggan, or his team, just to note some of the important actions that have already been taken. This kind of supplements it and gives us a road map for the next steps.

**Mr Duggan:** As the secretary mentioned, we are getting on with the process of responding to Mr Dyer's report. In the first instance, as the secretary referred to, it is on the agenda for the next Energy and Climate Change Ministerial Council meeting—

**Senator CADELL:** When is that?

**Mr Duggan:** That's on 1 March. Recognising that, of his nine recommendations, two were to the Commonwealth, three were shared across the states and territories and four were directly for the states and territories themselves, we very much see this as a shared response with the states and territories.

Having said that, on the two that are directed solely at the Commonwealth, we are in the process of doing the work to respond. Specifically, those were around, first of all, the idea of a voluntary developer ratings scheme, which Mr Dyer pointed to as providing assurance for communities, local governments, state governments and the Commonwealth government about the bona fides and about the extent to which a developer of a renewable energy project is effectively doing what you would anticipate they should be doing around community engagement. We would agree with you that what Mr Dyer found was, frankly, not adequate on behalf of many of these developers. Standards need to be lifted. The ratings scheme is an important element of doing that.

The second bit was what you have referred to here, which is the recommendation that Minister Bowen initiate a communications push here within communities to ensure that they not only understand what's happening within their communities but also understand it in a broader context. That was a recommendation directly to the Commonwealth. Of course, the Commonwealth is not the only one who shares the importance of communicating well, so, while it was directed at us, we see this as very much something that we need to do hand in glove with the states and territories.

**Senator CADELL:** You said it would be a voluntary rating. Given that there are very few proponents that build transmission lines, how many would there be? I can only think of five or six.

**Mr Duggan:** You will have the opportunity to talk to Mr Dyer about this. The way he framed the recommendation was around not only transmission infrastructure but also the new generation infrastructure. There you are bringing in a lot more developers.

**Senator CADELL:** Is the department aware of Transmission Company Victoria, or TCV, which was created by AEMO Victoria Planning?

**Mr Duggan:** Yes.

**Senator CADELL:** When we are talking about the stakeholder engagement, is TCV a transmission company as defined under either Victorian or federal legislation?

**Mr Duggan:** The government received the report at the end of last year. We're in the early stages of trying to think our way through the design of something like a developer rating scheme. So questions like that are things that we'll resolve in the program design.

**Senator CADELL:** Is the department aware that TCV actually wrote out talking about compulsory acquisition under section 93, even though they had to retract it because they're not able to do so?

**Mr Duggan:** Of course, we do monitor and we are very engaged with how transmission infrastructure, in particular, is being rolled out. Individual communications from individual transmission proponents are not something that I'm going to comment on here today.

**Senator CADELL:** No, I didn't ask you to comment. Were you aware that TCV wrote to landholders saying they could use compulsory acquisition?

**Mr Duggan:** It may be that someone in my team was aware of that. I was not.

**Mr Fredericks:** Can we take that on notice? I am not aware of that.

**Senator CADELL:** Yes, I am happy for you to do that.

**Mr Duggan:** We will take it on notice.

**Senator CADELL:** It seems difficult to me to think we are at 92 per cent dissatisfaction, and we are seeing actions by a government backed organisation sitting there and misrepresenting the facts and having to withdraw things. This goes to theme 5 again: if people are confused as to what the situation is and need greater education, how is the government contributing to this when they're giving misleading information to—

**Mr Duggan:** You referred to a Victorian oriented—it is not a Commonwealth government body. I'm not going to sit here—

**Senator CADELL:** No, AEMO Victoria have done it.

**Mr Duggan:** and explain why they've done that or apologise for that.

**Senator McAllister:** I think, Senator Cadell, that the broad point you make, which is that the rollout to date has not engaged communities in a way that has met their needs, is one that the government shares. This is an area that was largely left unattended under the previous government. The reason that we commissioned the Dyer review was that we're aware that communities are expressing concerns, and no doubt senators hear them from some of their constituents, as we do. We wanted good, clear advice from Mr Dyer, and an opportunity for communities to contribute their views about what 'good' would look like. This is a big, national endeavour, and we are going to have to bring communities along with us. That was the purpose of the review—to receive good recommendations about how we could improve things for communities.

**Senator CADELL:** Earlier this morning, in a different outcome, the EDO was well travelled over its use. I know, specifically, farmers were mentioned as among the people that aren't getting their applications to be involved picked up. Is there any other government agency, department or funded body where farmers or communities can go to seek group support or advice against these big transmission and generation companies?

**Mr Duggan:** The Australian Energy Infrastructure Commissioner is one piece of Commonwealth funded architecture in this space. Remember that a lot of this is very much community based and locally based activity. The states themselves have a lot of opportunities and mechanisms through which people can express their views and provide feedback. I'd really encourage you to take up the opportunity with Mr Dyer this evening, to explore that a little bit further.

**Senator CADELL:** I can do that. Chair, in the interests of time, I will—

**Senator DAVEY:** I have one question on exactly the same topic—

**CHAIR:** Certainly. Please go ahead.

**Senator DAVEY:** I've been looking at the government's initial response to the engagement review. Mr Dyer's review outlined nine recommendations. The initial response is less than two printed pages—

**Senator CADELL:** And the cover.

**Senator DAVEY:** The cover, the general copyright page and then 1½ pages of text, which is so high level it really doesn't explain what the government's initial response is. Do you think that's adequate for the people who invested their time and participation in the Dyer review—the 92 per cent of respondents who felt it was inadequate and have got, probably, 1,500 words?

**Mr Fredericks:** There'd be circumstances where what you've said might be true. I don't think, with the greatest respect, this is one of them. That's principally because, as Mr Duggan adverted to, the lion's share of the substance of the response to the recommendations of Mr Dyer is in the hands of the states. A majority of recommendations go to the states. Some of them go to the states and the Commonwealth. The Commonwealth alone has only two. So, in many ways, I think the right thing to do, and the courteous thing to do, would be for the Commonwealth to work with the states on the detail of the response, insofar as it relates to them. The recommendations are all accepted in principle, and it is said that we will go away—in fact, it will be at the very next meeting of ministers—to start the process of responding to this in substance. I think that's the right thing to do, in one of these areas where a lot of the implementation is going to be with the states. We need to do it collectively with them and bring them with us.

**Senator DAVEY:** I take on board what you say, and I've worked in a lot of areas where there's cross-jurisdictional responsibility. In the interests of managing expectations, and as part of the whole process of communications, closing the loop and getting back to communities, could we not have outlined the nine

recommendations and just highlighted that: 'This is a Commonwealth responsibility which we will be working on further, and this is a joint responsibility, so we will be sitting down with the states'? That way, people can see what actions are happening and not just this very high-level summary. When I looked at that, I was a bit taken aback by the lack of information and the lack of—yes, we agree in principle, but—

**Senator HUGHES:** The irony is that 92 per cent of people in communities didn't feel they'd been given enough information or consulted enough, only to be dished up a page-and-a-half report.

**Senator DAVEY:** Anyway, I promised one question, and I will leave it to rest.

**CHAIR:** Superb. Senator Duniam, do you have anything?

**Senator DUNIAM:** No, I don't. Thank you.

**CHAIR:** Excellent. We will go to Senator Payman.

**Senator PAYMAN:** I'll keep it brief. Can you provide us an update on what we've seen in wholesale electricity prices since our last estimates, and what role the government's coal and gas price caps have played in those shifts and movements?

**Mr Duggan:** In broad terms, what we've seen since the last estimates is that wholesale electricity prices in the National Electricity Market have returned to pre energy crisis levels. We're now back to levels that we saw at the end of 2021. In its latest wholesale markets quarterly report, released in January, the AER reported that in the fourth quarter of last year, we saw, on average, across the NEM volume weighted wholesale electricity prices fall by 21 per cent on the previous quarter, to be 44 per cent lower than a year earlier. So what we've seen since the energy crisis in 2022 is successive falls from, effectively, \$199 a megawatt hour in 2022 in New South Wales to \$106 a megawatt hour in 2023, and thus far in 2024 to \$98 a megawatt hour. So very significant declines.

You asked about the contribution of the government's coal and gas price caps policy on that. It has unfolded broadly as was anticipated by the Treasury. We estimated—and I gave this in evidence a couple of estimates hearings ago—that, in broad terms, the coal and gas price caps would take about a third of the increase in wholesale prices out, and that's broadly what we have observed, and that would translate to, in the context of overall electricity prices, Treasury estimating that there would be a 16 percentage point lower increase in retail electricity prices in 2023-24 than what would otherwise have occurred. As I said, all the evidence and all the data we've seen since is consistent with that.

**Senator PAYMAN:** Just to confirm, the government's interventions have actually been successful in putting downward pressure on wholesale electricity prices, and that downward pressure will, over time, be reflected in people's electricity bills?

**Mr Duggan:** That's correct. The reason why the government sought to act quickly at the end of 2022 in response to what we saw in terms of the increase in fuel input cost—coal and gas prices to electricity—was to act immediately, because the way retailers set their pricing is they tend to purchase their electricity one to two years in advance. So in order to impact on this financial year's retail prices, we need to affect wholesale prices back from the point of the intervention in December 2022. We've seen those interventions flow through, and what the Australian Energy Regulator estimated was that rather than their default market offer price increasing by what they were projecting could have been as high as 50 per cent, what we saw was something closer to a 20 to 25 per cent increase last financial year.

The decrease in wholesale prices we've seen more recently—as I said before, usually electricity retailers contract a year or two in advance from wholesalers. That reduction will continue to flow through in wholesale prices to retail electricity prices, but with one important caveat, which is that wholesale prices are only one component of a retailer's cost. They also face distribution charges, network charges and, of course, they have their own margin that they've got to add on top of that. There isn't a one-for-one translation between wholesale prices and retail prices, but, of course, it's very welcome news for retail prices that wholesale prices have fallen.

**Senator PAYMAN:** Just finally—I'll try to combine this in one question—have the energy bill rebates been providing energy bill relief to eligible Australians? If so, can you give us a breakdown of how many households are receiving bill rebates and how much relief those people are receiving?

**Mr Duggan:** The energy bill rebates, which were a \$3 billion commitment from the Commonwealth and state governments, with the Commonwealth paying 50 per cent of that, came into effect from 1 July last year. Every consumer that is eligible—eligible households and small businesses—would have started to receive the bill relief from 1 July last year. Treasury is administering the program. They estimate that five million households and one million small businesses are eligible for bill relief. Of course, we want to make sure that every eligible customer is applying and receiving the rebate. Of course, the states and the retailers are working very hard to encourage

people to apply. But, as I said, in terms of overall eligibility, it's five million households and one million small businesses.

**Senator PAYMAN:** Thank you very much.

**CHAIR:** Thank you. I am now delighted to advise those in outcome 1, program 1.2 that there are no further questions and that you are released from this great process! I was going to call the Australian Renewable Energy Agency, but as they aren't here we will take our break now and begin with them after that.

**Proceedings suspended from 15:40 to 15:55**

**Australian Renewable Energy Agency**

**CHAIR:** Welcome back, everybody. I welcome Mr Darren Miller and officers from the Australian Renewable Energy Agency. Mr Miller, I congratulate you on your reappointment to the position for another three years. It's great to see you back!

**Mr Miller:** Thank you, Chair.

**CHAIR:** You have tabled an opening statement. Are you happy to take that as tabled?

**Mr Miller:** I'm happy to take that as tabled. I would, however, just like to supplement the statement.

**CHAIR:** Sure.

**Mr Miller:** I have one thing further to mention, that my colleague, Ian Kay, who has been with the agency since 2013, is leaving the agency soon. He has been at Senate estimates for the better part of 10 years and I thought it would be worthwhile acknowledging his substantial contribution to this process, as well as to the agency as a whole.

**CHAIR:** Absolutely—thank you Mr Kay, and I hope that the estimates process hasn't been part of your decision-making!

**Mr Kay:** No—

**CHAIR:** He isn't denying that! All the very best to you in your next great adventure, and thank you for your contribution to this committee and the estimates process over those years.

**Mr Kay:** Thank you, Chair.

**Senator WATERS:** And to renewable energy!

**CHAIR:** And to renewable energy.

**Mr Kay:** Thanks.

**CHAIR:** Senator Roberts.

**Senator ROBERTS:** Thank you for being here again. My questions go to the cost, capacity and suitability of large-scale battery storage. I'm going to reference the Large Scale Battery Storage Funding Round from 2022. ARENA put \$176 million of taxpayers' funds into eight batteries, with a total of two gigawatts of dispatchable power. That was in the media release from Chris Bowen on 17 December 2022. For how long could those batteries dispatch that full two gigawatts of power?

**Mr Miller:** On average, across that portfolio of eight batteries it's approximately just over two hours at full power.

**Senator ROBERTS:** Two hours at—

**Mr Miller:** Full power.

**Senator ROBERTS:** What's the total of gigawatt hours that those batteries represent?

**Mr Miller:** I think that 4.4 gigawatt hours is the total.

**Senator ROBERTS:** Okay. Have all eight of the batteries been constructed?

**Mr Miller:** Not yet. They're under construction—at least half of them are under construction. Some of them might have been completed—a couple of the earlier ones. We announced quite recently that the AGL battery has actually doubled in capacity since we announced the funding. They've chosen to increase the capacity by two times. And there are another three or four that are still to be announced as reaching financial close and construction.

**Senator ROBERTS:** How many have been built?

**Mr Miller:** Do you have that?

**Mr Kay:** Yes. Two are currently in advanced construction—

**Senator ROBERTS:** So none have been built?

**Mr Kay:** None are operational at this stage, but there are two that are in advanced construction and others that are at various stages of planning and preconstruction.

**Senator ROBERTS:** So there are two at advanced stages of construction and no others under construction?

**Mr Kay:** Yes, that's right.

**Senator ROBERTS:** What was the total cost of those projects—well, they're still underway. What is the total cost now envisaged to be?

**Mr Miller:** As you suggested, correctly, ARENA's commitment was \$176 million. Mr Kay might have the precise number for the capital costs of those batteries, but I recall that our grant sizing was about seven per cent of the cost of the batteries—a substantial cost, in the billions of dollars, for those eight batteries.

**Senator ROBERTS:** So we'll just have to work out the total cost by dividing by seven or eight and multiplying by 100. Something on that media release intrigued me in preparing for today—that media release from 17 December 2022. It talks repeatedly—at least three times—of 'grid forming inverter' technology. What is 'grid forming'? Or is that just a mistake from 'grid firming'?

**Mr Miller:** No. It's correct language. Grid forming means that those batteries have the capability to provide very high frequency support to the energy system. So you would know that the energy system operates at 50 hertz, so 50 cycles a second. That ability to keep the grid operating at 50 cycles a second is traditionally provided by spinning generators from coal and gas plants.

**Senator ROBERTS:** Hydro, nuclear—

**Mr Miller:** Not nuclear; we don't have that in Australia.

**Senator ROBERTS:** No. But nuclear can provide it.

**Mr Miller:** In theory, yes. If we had that, it would provide it. But, in Australia, that's provided by coal, gas and hydro. And, in the absence of coal and gas, what we need is resources to do the job of keeping the grid at that 50 hertz frequency, keeping the system stable, providing the right voltage waveform, and also being able to what's called 'black start'—have the grid commence operation from nothing—and that is not a service that traditional batteries without grid forming inverters can provide. What the grid forming inverters provide is the ability to form the wave signal of the grid and stand up the grid without any other support.

**Senator ROBERTS:** So, correct me if I'm wrong, I'll just put it into simple language, coal, nuclear, hydro and gas are all synchronous power generation sources, and they're stable. Whereas, solar and wind are asynchronous and need something added to make sure they're stable and produce 50 hertz.

**Mr Miller:** That's a fair lay representation of the scenario. Correct.

**Senator ROBERTS:** Thank you. I also was intrigued to notice that Minister Bowen's press release on 17 September 2022 said:

Over the past decade, we saw policy chaos cause a reduction of 3GW of dispatchable power in the grid, enough to power over two million homes.

What was the cause of that loss of 3 gigawatts? He's saying that it's policy. But was that specifically coal fired or gas fired exiting?

**Mr Miller:** I haven't delved into those numbers. I'm sure they are correct; but I wouldn't be best placed to comment on generators entering and exiting the market. I'd refer that question to Minister Bowen if he [inaudible] it.

**Senator ROBERTS:** Okay. Who do I refer it to now to take on notice?

**Senator McAllister:** Senator, over the period in question it is the case that 4 gigawatts of dispatchable generation capacity left the system and only one was constructed to replace it, or commissioned to replace it. I do not have the source document for that fact, but I have examined it before and I can assure you that it's possible to obtain it, so I'll take that on notice and get back to you.

**Senator ROBERTS:** Thank you. Last question, Chair. Mr Miller, in your opening statement you say in financial year 2022-2023 ARENA approved \$544.1 million—that's over half a billion dollars—60 projects valued at over \$3.5 billion, representing the agency's largest value of funds approved in a single year. How many of those funds were deployed on investments that were needed because of solar and wind? In other words, are they additional costs to solar and wind?

**Mr Miller:** As a general statement, ARENA hasn't supported to any material degree wind projects. Wind has been commercial since the agency [inaudible]

**Senator ROBERTS:** Sorry, I wasn't clear in my question. I didn't mean that you're investing in solar and wind; I meant that you're investing in technology or equipment that is needed because solar and wind, for example, is unstable. Or are they to supplement solar and wind?

**Mr Miller:** If you take those battery projects, for example, which would have fed into that number of \$544 million, absolutely, clearly one of the things we were trying to do in that program is provide supporting technology to allow further penetration of solar and wind. So that kind of work, plus the work we do on grid integration—one of our key priorities—would be to support increasing shares of solar and wind energy. Ultimately, all of the technologies we support are in the furtherance of increasing the renewable energy penetration and competitiveness in Australia. So even the hydrogen work that we do—while I couldn't characterise it as being needed to support solar and wind; it is a technology set that relies on increased penetrations of cheap solar and wind to provide the energy source to make the hydrogen. So it's ultimately all related to renewable energy supply and competitiveness. All of that funding would be [inaudible]

**Senator ROBERTS:** Thank you for a very clear answer. So these are additional costs that are needed for solar and wind. I wonder if gen costs from CSIRO incorporates them—that's not for you; that's just a wonder.

**CHAIR:** Just briefly, I'm interested in the Hydrogen Headstart program. The shortlisting process that was completed in December, can you give us a bit of a sense of the quality of those projects that came through and the scope of those projects? I'm interested in how competitive Australia is going to be into the future, how attractive the whole idea of the Hydrogen Headstart is.

**Mr Miller:** Based on the expressions of interest we received—and I think on record it has been said, which is true—we had over 60 applications come forward for funding in that Hydrogen Headstart round 1. And we have been acknowledged to say that we might support two to three projects with that funding available, and given the size and complexity of the projects that we're seeing. So I think it's fair to say we're incredibly pleased with that response and way oversubscribed for the size of this initial program. The quality was mixed. Not all of those 60 you would say were highly credible projects that could be funded by this kind of program. But, certainly, we've shortlisted six. There were more than six that could have been taken forward had the funding pool been greater. But I think that in this scenario aiming for two to three projects and having six come through and competing against each other for the next phase is a really great result. And I would say that part of the innovation that ARENA has added to the mix there to keep six great projects working hard on their proposals is that we're prepared to support all of those projects in some way with their feed studies, with the very expensive engineering studies that they need to do. We have provided an indication of support to all six projects that will help them fund their feed studies. And we think that's important to keep the interest going and the momentum in this industry.

**CHAIR:** And I suppose that sort of plays into it being a new-ish industry. In terms of rolling out, obviously, how they operate on the ground is quite new.

**Mr Miller:** It's very new. The core technology of electrolysis is well understood and there's not much risk in that core technology. But building a multibillion-dollar plant is high risk. It hasn't been done before at any great scale in Australia or globally. I would say that the program has done a great job of keeping some of the very best projects interested and going, in terms of the role Australia could play in the hydrogen push globally. So it has very much inspired the momentum to stay in Australia.

**CHAIR:** Thank you. We have no further questions. We now call the Clean Energy Finance Corporation to the table.

### Clean Energy Finance Corporation

[16:09]

**CHAIR:** I now call officers from the Clean Energy Finance Corporation. Mr Learmonth, chief executive officer, would you like to make an opening statement?

**Mr Learmonth:** Not this afternoon, thank you. I'm happy to proceed to questions.

**CHAIR:** Fantastic. We'll go directly to Senator Waters.

**Senator WATERS:** Thanks for waiting around and for the good work that you continue to do. I have a small number of questions that pertain in particular to the Household Energy Upgrades Fund. We've talked about this in previous estimates. It's a \$1 billion fund. When I last checked in in October, it didn't seem like terribly much had progressed. Has anything happened with that fund since then? What's the update?

**Mr Learmonth:** It has. It's making some terrific progress. On 14 December we actually went out to the market and called for requests for proposals from financial intermediaries—banks, non-bank lenders and other partners that we'll work with to deliver the Household Energy Upgrades Fund. They're to respond by 1 March.



We're expecting a very positive response from the marketplace. We've also conducted quite a number of engagements with both industry and interested proponents from the finance sector. We are well prepared to start to implement the program in short order after 1 March.

**Senator WATERS:** That's good news because this program is the only thing that exists to reduce gas demand in homes and small businesses, which, in our view, with a looming shortfall, needs to be the focus rather than opening up new gas fields. How much of this program's focus is on helping households and small businesses get off gas rather than simply improving energy efficiency as such?

**Mr Learmonth:** It's certainly one of the key elements of the program. We are looking at helping improve the energy efficiency of homes with appliances that would help achieve that, insulation and so on. But, in terms of electrification, that is also a priority and we hope to see that the program can demonstrate that.

**Senator WATERS:** Do you have a rough breakdown of energy efficiency versus households off gas?

**Mr Learmonth:** It's probably a little too early to say. We're just going to have to see who we end up selecting in terms of our key partners, but, as I say, it is certainly one of the priorities of the program.

**Senator McAllister:** I think the Greens and the government potentially differ in this regard, but our overall approach is to improve the choices that are available to households in relation to improving the energy performance of their home. We are not seeking to select technologies for people; we are simply seeking to improve the overall ecosystem of commercial options that are available to householders who want to reduce their bills by lifting the energy performance of their property. As the officials have already indicated, there are a range of technologies that can meet those objectives, and we're keen to see that households have some support with the upfront costs and the financing of those technologies to be able to reap the benefits.

**Senator WATERS:** Do you have in mind an aspirational breakdown of how much of that \$1 billion would be for energy efficiency versus households getting off gas, or are you happy for it to be either and you don't have a proposed breakdown?

**Senator McAllister:** As I indicated to you, our broad policy objectives are to provide more choices for households, and the provision of finance is one means by which we seek to do that. As Mr Learmonth has already indicated in his evidence, they are presently in the process of evaluating potential partners, and they can speak more about the details of the implementation arrangements.

**Senator WATERS:** Mr Learmonth, you sort of implied that the proportion of efficiency measures versus transitioning off gas would probably depend on who puts their hand up to deliver the mechanism to give life to this fund. Have you had any interest so far? I know you said it's still open until 1 March.

**Mr Learmonth:** There's a very broad range of financial partners that we'll be working with, and some will potentially be able to provide low-cost finance to people who would look to electrify their homes. That is certainly something that we hope will happen. It's difficult to predict. The engagement that we've had with many of these counterparties has been at a fairly indicative stage, so we're going to have to see what their offers are like in writing as part of the RFP process. I'm kind of reluctant to hazard a guess at how much of the capital may be directed in that way.

**Senator WATERS:** You've mentioned, effectively, financial grants to help people with that up-front cost of making either efficiency upgrades or transitioning off gas. Are there any other sorts of likely means that you think could be employed to help households reduce up-front costs?

**Mr Learmonth:** Just to be clear, our offering will be concessional finance. It will be low-cost loans provided to households, so we won't be providing any grants.

**Senator WATERS:** Sorry. Yes, I did know that. I'd just briefly forgotten.

**Mr Learmonth:** That's okay. That's what we'll be offering and the sort of finance that may well have longer tenors than you might otherwise see, of course, lower interest rates and particular terms that are favourable to try and encourage the uptake of this sort of behavioural change.

**Senator WATERS:** Are there any other means you might think about to reduce the up-front costs for low-income households?

**Mr Learmonth:** There may be other programs that are available from the state and federal governments, but that wouldn't be in the ambit of the Household Energy Upgrades Fund.

**Senator WATERS:** Do you have any thoughts on how this program could help renters? Has anyone turned their mind to the policy settings that could assist?

**Mr Learmonth:** Yes, we are trying to see what we can do for people who are renting homes, rather than owners. We're working with strata providers and whether or not there is financing available to those sorts of bodies, which in turn would improve common areas, put batteries in rental accommodations and allow tenants to have access to these sorts of products and, therefore, reduce the power bills that they might be paying. So, yes, it is very much included in what we're targeting.

**Senator WATERS:** That's good to hear. I hope you get lots of people offering to help you and the government deliver that. When do you expect that the money will get out the door and help households get off gas?

**Mr Learmonth:** It'll depend. The proposals come in early March, and then we'll work quickly to try and identify who we'll work with and enter into contractual arrangements. We would hope to be financing people by hopefully around the middle of the year, if not earlier.

**Senator WATERS:** Given the looming shortfall of gas that's projected on the east coast market from about 2027, are you hopeful that this fund might be able to alleviate that pressure prior to that date, and, if not, what more should be done?

**Mr Learmonth:** That's a very big question. We're in the business of trying to help people improve the energy efficiency of their homes, and in some cases they will be electrifying. Therefore, if they do, they're not exposed to gas prices. Indirectly, I guess there will be that benefit, but something as specific as that, I think, is difficult to answer.

**Senator WATERS:** I will ask a slightly different question then. When do you think this program might see households reduce gas usage?

**Mr Learmonth:** That, I think, is hard to tell at this point. We would have to see what electrification programs are offered and are implemented and then what the take-up of those is. It may not be until next year that we see some electrification coming through the program.

**Senator WATERS:** Minister, would the government consider further measures if the uptake is either too slow or not targeted enough? Is there a willingness for government to help households electrify to help reduce that gas squeeze, rather than simply just opening up new gas fields?

**Senator McAllister:** As I've indicated to you already, we are very interested in seeing what we can do to help households improve the energy performance of their home. The macro way of describing that would be that we would like to see households achieve the same kinds of comfort and performance in their house for lower operational costs and total costs over time. That's sort of, definitionally, what we are trying to achieve. We are more focused on that than we are on choosing particular technologies or fuel sources to target. We are conscious that, in many instances, people do have older gas appliances that are costing them a lot of money and there are more efficient electric appliances available. But, in other examples, people will have older electric appliances, and, if they replaced them, they would also achieve substantial savings. The drain on the electricity system would also be lower if they were replaced and upgraded.

I suppose I'm saying to you that we want to see success in this program. We are very keen to see the results from the CEFC and we're looking forward to them select some of their delivery partners and start to see this finance in the community. But our sense of the objectives of the program may be slightly different to the way that you've phrased the question. You did ask whether we would contemplate more, and of course we're always looking to assist households wherever we can, and that's true across a range of portfolios. It's obviously constrained in the long term by the budget, and it's constrained in the near term by ensuring that any policy steps that we take don't add to inflation, but we're always thinking about new things that we may be able to do.

**Senator WATERS:** Thanks very much and thanks you for your good work.

**Senator PAYMAN:** I'll keep this brief. Following on the mandate that was updated in the middle of last year, how are issues like local content and good jobs being considered in the new clean energy projects?

**Mr Learmonth:** The new investment mandate has, as you say, a number of those features that we are incorporating into the way that we look at investment opportunities. We're always very careful to ensure that directions coming through something like the investment mandate are followed, and so, if we were looking at investing in renewable energy projects in regional Australia, we would follow the investment mandate directions around employment, First Nations and so on. In fact we're in the process of updating our investment paper templates to make sure that we accommodate or acknowledge those particular features in the IM.

**Senator PAYMAN:** Thank you, Mr Learmonth.

**Senator HUGHES:** I've just got a couple of quick ones. With regard to the \$20 billion that was promised towards Rewiring the Nation, do we have an update on how much of it has actually been spent?

**Mr Learmonth:** Just on that, of that \$20 billion, \$19 billion came to the Clean Energy Finance Corporation and \$1 billion is being used with the Rewiring the Nation office, on the government's side of things. To date, we have been very busy working with transmission companies and everyone in that ecosystem. To date, we have completed one legally committed transaction: \$100 million financing in New South Wales to provide a facility to the special financial vehicles as part of the New South Wales energy infrastructure machinery, if you like, to help unlock gigawatts of renewables in New South Wales. We are also very well progressed with a couple of the large transmission projects, again in New South Wales: HumeLink, VNI West and the Central-West Orana, the first renewable energy zone in New South Wales. A lot of progress is being made.

Commercial terms have in some cases have been agreed, and there's still the outcome of the final investment decisions with some of those big projects, and that's something between the transmission companies and people like the AER. A lot of work continues with other big projects like Marinus Link, for example. So one project has been completed in a committed legal sense, and many of the other projects are well progressed.

**Senator HUGHES:** I know we've got Snowy Hydro coming up, and we know there have been a lot of projects that have had cost blowouts. If that was to occur, is it the CEFC that's on the hook, or is it the Rewiring the Nation? Where's that top-up funding going to come from?

**Mr Learmonth:** Each transaction stands in its own way or has its own particular features in relation to cost overruns. We're acutely aware of this particular issue, as is our board. We have a specialist subcommittee looking at these Rewiring the Nation projects that look to that particular risk—cost overruns. In many cases, it will be the responsibility of the project proponents, so the equity provider will be providing the debt. That's certainly our intention in many of the projects.

In other cases—and it is subject to the regulator, the AER—those additional cost overruns, if they are prudent and reasonable, will in part be passed onto consumers and in part be the responsibility of the project proponent. As I say, it's something that we're very focused on and something that we don't want the CEFC to have an uncapped exposure to.

**Senator HUGHES:** Obviously, if some are getting passed on to the consumer and some are going on to the project, whoever's driving the project are going to pass those onto the consumer, ultimately, anyway.

**Mr Learmonth:** Yes, it will be up to the arrangement ultimately agreed with the AER.

**Senator HUGHES:** Is CEFC looking at the percentage of the blowout, or that overrun, and going, 'That's it. We're going to walk away from a project if we start to see those sorts of figures,' or isn't there a ceiling on that?

**Mr Learmonth:** It depends again on the project. We haven't reached our FID on any of these projects. Some of them have grown in scale in some cases because the capacity of renewables in, for example, the renewable energy zone has increased as the scope has increased but also because the costs have gone up. It's on the record that the costs of Marinus, for example, have gone up. We're evaluating the quality of the project, where the sources of revenue are coming from, and we will be making a commercial decision at the right time. The important thing when you enter into the transaction is knowing what we, as the government financier into these projects, is responsible for if there are cost blowouts. We're making sure that our risks there are extremely well managed.

**Senator HUGHES:** I assume, or I hope, that there is a risk management strategy, so that, if a particular transmission project all of a sudden has significant cost overruns and isn't feasible for a government financier to continue, we're not going to have parts of the nation disconnected. Is that part of the risk management strategy?

**Mr Learmonth:** That's right. Part of our strategy is knowing what risks we have as we enter into these projects and not being responsible for blowouts in project costs, because they are anticipated.

**Senator HUGHES:** We are desperately keen to get up an inquiry into transmission lines and where they're going through. We would love to spend a great deal more time with you discussing the additional costs of transmission lines every time they have to be moved around something, and the cost blows out. We're trying to get that through, but we are yet to get support in the Senate for that to occur. Transmission Tuesday will continue, and hopefully one day we'll eventually get our inquiry. Thank you, Chair.

**CHAIR:** Senator Cadell has a follow-up here.

**Senator CADELL:** I'm pretty sure I don't understand it, so I'm going to show my naivety by asking questions blindly in this direction. Transmission companies are coming to you, talking about business deals for discounted finance for big energy projects?

**Mr Learmonth:** Rewiring the Nation—the \$19 billion that we have been appropriated by the government—is about providing financing or capital for the build out of these critical transmission lines to allow the country to get to 82 per cent renewables.

**Senator CADELL:** I'm not questioning that process, but they're getting discounted finance off you?

**Mr Learmonth:** In many cases, the debt provided will be concessional, so it will be below market. Remember that, in most cases, that lower interest rate ultimately reduces the cost for consumers.

**Senator CADELL:** That's what I want to get to. If your WACC is lower across the portfolio—I am now a transmission company and I come to you and I'm pocketing a concessional rate, aren't they guaranteed a rate of return on capital investment on the project overall?

**Mr Learmonth:** The AER takes into account the lower interest rate, in terms of the burden that it might ultimately pass to consumers, and I think that is the critical point. It reduces the amount of revenue that needs to be collected from consumers to pay for the cost of capital for the build out of these transmission lines.

**Senator CADELL:** The cost of capital on these big ones—I mean, \$100 million in a \$19 billion portfolio is not the biggest.

**Mr Learmonth:** No, it was a small start. This is something that's going to be much bigger.

**Senator CADELL:** When they're doing the actual calculation for the guaranteed rate of investment, is the WACC the number that goes into that with the AER?

**Mr Learmonth:** I think that's a question best directed to the AER.

**Senator CADELL:** Okay, I'll do that. Simplifying, some companies are borrowing money off the government to get a guaranteed return off the government.

**Mr Learmonth:** Not to get a guaranteed—as I said, each of these transactions is quite different. Sometimes there's a privatised transmission company that is building out the line. Other times it could be a state owned transmission company. There are new entities being formed such as Marinus Link, which is through a combination of states and the federal government. We're providing capital to all manner of entities, if you like, and in most cases I want a favourable concessional rate to try and reduce the cost to consumers of this.

**Senator CADELL:** When you say 'state owned corporations', are we talking only Australian state owned corporations, or can foreign owned corporations come to you as well?

**Mr Learmonth:** When I was referring to state owned ones, I was referring to people like Powerlink, for example—

**Senator CADELL:** Yes, I get that. That's why I'm asking—

**Mr Learmonth:** and Horizon Power in WA. That's what I was referring to. Remember, the privatised transmission companies in Australia in some cases have domestic shareholders and super funds. Sometimes they'll have international shareholders.

**Senator CADELL:** A lot of the time they have international shareholders. Are they excluded from—

**Mr Learmonth:** They're not excluded from putting forward proposals.

**Senator CADELL:** Even better, if I'm a foreign state owned corporation, a significant shareholder, I come to a different government to get money to give back to a different government through a guaranteed rate of return through a corporation.

**Mr Learmonth:** I think how I would characterise it is that a privatised transmission company would build out some transmission as part of Rewiring the Nation. We may provide a loan to that entity with some concessionality, and that concessionality will reduce the cost to consumers when that is recovered from consumers under the regulated framework that is regulated by the AER.

**Senator CADELL:** I get the upside, but the downside is that there is nothing preventing the Australian government subsidising the capital cost for a Chinese state owned corporation.

**Mr Learmonth:** They don't benefit from the concession in that case.

**Senator CADELL:** If they're the controlling interest or shareholder in a privatised transmission line, they would, wouldn't they?

**Mr Learmonth:** But, as I said, in many cases what's happening is that the concessionality isn't going to the—

**Senator CADELL:** It's offsetting, yes.

**Mr Learmonth:** to shareholders. So it's a sort of a wash.

**Senator CADELL:** What's the benefit in a corporation coming to you, then?

**Mr Learmonth:** Well, these are very large amounts of capital that need to be raised to build out these projects, so they'll be going to private banks as well—the private banking market—and the shareholders will put in their capital. If we can provide a large component of the capital, that's less of a burden on them going to the private sector.

**Mr Powell:** Our capital is also more flexible, which might allow for a longer tender, for example, than what they can get from a commercial bank.

**Senator CADELL:** Understood.

**Senator HUGHES:** I have one quick follow-up on that. Is it possible to get a list of the projects that have got funding agreements in place now?

**Mr Learmonth:** Well, they're still under negotiation. We have publicly announced the one that we have completed—the \$100 million one. As soon as they are committed, we will release, of course, the public details on that.

**Senator HUGHES:** Obviously, there's nothing we can get earlier. But do the commercial—

**Mr Learmonth:** Not at this stage. There are still—

**Mr Every:** It's a list of one, Senator.

**Senator HUGHES:** Just the one.

**Mr Learmonth:** At the minute, yes. That's right.

**CHAIR:** Thank you so much for your time. We really appreciate it. We have no further questions, and you are released from this process.

#### Climate Change Authority

[16:35]

**CHAIR:** Welcome, Climate Change Authority. Welcome, Mr Archer. Do you wish to make an opening statement?

**Mr Archer:** No, thank you. I'm happy to move straight to questions.

**CHAIR:** Fantastic. We'll go directly to Senator Hughes.

**Senator HUGHES:** When the former government left office, emissions were trending down 25.1 per cent on the 2005 baseline. Your second annual climate change statement report for the minister showed that emissions have since gone up in Australia by four million tonnes. If new investment in renewable energy continues to lag and deployment continues to stall, is there a risk that emissions will keep increasing?

**Mr Archer:** We can speculate on any number of scenarios about what might happen or what may not happen. I think that, if we don't continue to transition the electricity sector at pace towards renewable energy, then emissions will not decline as fast as they might otherwise would, all other things being equal. So, as I said, you could pick any number of factors across the economy and say, if this does this or that, what will happen. I think in the scenario you've outlined—again, all other things being equal—

**Senator HUGHES:** It's not a scenario. They have increased by four million tonnes. That's not in any way a hypothetical.

**Mr Archer:** No, but that represents a combination of factors right across the economy. The government has put in place a whole range of policies. That's the point we made in our report. Although emissions are not yet declining at the rate they need to, there are a whole lot of policies that have been implemented. They will take time to take effect, and as they do we would expect emissions to decline.

**Senator HUGHES:** Your report also made it pretty clear that, if Australia doesn't meet its 82 per cent renewable energy target, then the government won't reach its 43 per cent emissions reduction target. So, in reality, how far behind this goal are we, and is it achievable at all?

**Mr Archer:** The point we made was that the 82 per cent renewables target is a big part of the government's plans for achieving its 2030 target. What we are seeing currently is that the investment trends in this sector were not quite where they need to be, so we're not getting investment at the levels we need right at the moment to be satisfied that we're on track for achieving the 82 per cent renewables share. At the time that we formulated that finding, the government had not announced the expansion of its capacity investment mechanism, and that is a very significant policy announcement, which is in keeping with the recommendations that we made about the

need for further planning and further policy if we're going to have greater confidence of achieving the 82 per cent renewables share.

**Senator HUGHES:** I guess you've been tasked with setting the 2035 target, a new scheme being introduced by Labor, but when you're looking at the 2035 target is your premise that we will have reached 82 per cent renewables in 2030?

**Mr Archer:** Again, we would be taking into account a range of factors. Certainly, in the scenarios that we are looking at, we're considering scenarios where the government's policies have had the intended effect. We've already seen with the official emissions projections that, when significant new policy measures are taken into account, Australia is tracking towards just under the minus 43 per cent target in 2030.

**Senator HUGHES:** Sorry, but it's not very clear with your mask on. We're tracking where?

**Mr Archer:** To minus 42 per cent on 2005 emissions levels, so just below the 2030 target. That is certainly one starting point for our analysis, which will inform our advice on the 2035 target.

**Senator McAllister:** That is a small thing, Senator Hughes, but, in the framework set out in the legislation the authority provides advice to government but they don't set the target; they provide advice.

**Senator HUGHES:** No, I know. I'm trying to understand that if we don't hit the target in 2030—yet we're working from a baseline that we have—then we're going to be even further behind the eight ball for 2030-35.

**Mr Archer:** Certainly, as we have done in our first two annual progress reports to inform the *Annual climate change statement*, we will continue to assess the risks. We have been observing those risks and explaining those as we see them in those two reports, and that will continue to be relevant to the work that we're doing on targets.

**Senator HUGHES:** Does the price of energy to households come into any part of this analysis?

**Mr Archer:** When you say 'this analysis'—

**Senator HUGHES:** We're in the midst of a cost-of-living crisis; energy prices have gone up, and there's an array of other cost increases that families are facing, let alone businesses. When you're looking at the price impacts of chasing the renewable target, the cost of transition—there are some estimates it's going to be \$1.5 trillion—do the cost impacts on households factor in to how you advise government on what the target should be?

**Mr Archer:** The short answer to that is yes. We're considering a range of factors as we are looking at our advice on future emissions reductions targets. We are undertaking modelling analysis to help inform that, and that will shed further light on what the cost impacts might be and hopefully also the benefits of taking strong action.

**Senator HUGHES:** One of the questions I think Senator Cadell had before—we haven't talked about the CBAM today, but there's only so much we can do in a one-week estimates week. There have been concerns that the safeguard mechanism would lead to offshoring by a lot of Australian businesses. There's an article in the *Australian* today about the development of mining in an Indonesian former fishing town where they're now making EVs and about the environmental damage that that's having in that area. We know that countries other than Australia can have emission profiles three or four times higher than we would have here if the manufacturing was happening under our standards, our regulations and our environmental protections. Is there any factoring in of the fact that we're 1.3 per cent of global emissions and we're going to do X, Y and Z to reduce them, but that means that our clinker is going to be produced in China and come back, and that's going to create a whole lot more emissions overall? Is the impact of Australia removing its own industry and manufacturing sector and offshoring it—because it's going to be made somewhere—in some of these countries that don't have the same environmental standards, as well as the emission factors and global emission factors, part of your process?

**Mr Archer:** Yes, certainly the international context generally, other countries' policies and other countries' targets are all factors that we will take into account, as well as the implications of those for Australia.

**Senator HUGHES:** When the advice goes through to government before they set their target for 2035, is there clear guidance on what the price impacts are going to be if they pursue a figure versus another figure?

**Mr Archer:** As I've said, we will have some information from the modelling that we're undertaking that will include pricing impacts of different scenarios under different targets. I do expect that will be a part of our advice, but only one part of our advice.

**Senator HUGHES:** I might leave it there and I can put anything else on notice.

**Senator WATERS:** I hope you're feeling okay, Mr Archer, and you're on the mend soon. I just have some questions pertaining to the safeguard mechanism reforms that require you to give advice to the minister on whether the safeguard targets will be met or not. Is it your current view that the targets, which are set out in the objects of the act, are being and will be met?

**Mr Archer:** The legislation that you're referring to requires us to include our advice, commencing with the advice that we'll be providing to the government for this year's *Annual climate change statement*. We haven't yet formed a view within the authority on the advice that we'll be providing on how the safeguard mechanism is performing. Of course, we've had less than one year of operation of the reformed mechanism, so it's still very early days. We're still working on what information we'll be able to draw on to inform the advice that we provide this year, and as time goes on we will have further information from the outcomes each year under the safeguard.

**Senator WATERS:** Because of the noise—these rooms are terrible—I missed when you said that the advice would be provided.

**Mr Archer:** That will be provided for this year's *Annual climate change statement*, as part of our advice; that will be our *2024 Annual progress report*.

**Senator WATERS:** When does that occur?

**Mr Archer:** That's still to be determined. Per the legislation, there will be an exchange of correspondence between the minister and our chair to agree on the due date for that report.

**Senator WATERS:** What was last year's date, just as a reference point?

**Mr Archer:** I believe it was 27 October.

**Senator WATERS:** So we're probably looking at towards the end of the year again. Are you aware of recent RepuTex modelling saying that emissions will keep going up due to new coal and gas projects?

**Mr Archer:** Without further information, I'm not sure which modelling or report you're referring to.

**Senator WATERS:** I believe it was from June of last year, so it's not even that recent if you take that perspective. There is a link here, but I have only a printed copy. I can't tell you where the link takes me, but the modelling found that 69 million tonnes of emissions from new projects would be emitted under the safeguard mechanism—and, incidentally, around 19 million tonnes of that would be from Santos's Barossa project alone. Is that ringing any bells for you? Have you had a look at that modelling?

**Mr Archer:** I may have, but, to be honest, I don't have the numbers on the top of my head.

**Senator WATERS:** Could you please take on notice to consider that recent modelling and whether or not you agree with their conclusion that emissions will keep going up due to new coal and gas projects.

**Mr Archer:** I'm happy to take that on notice.

**Senator WATERS:** I want to ask about the obligation for you to do that analysis. You just said you'll deliver the first one later on in the year. My understanding of the legislation is that the obligation to do that analysis came into effect in April of last year. In last year's report, which you presented on 27 October, you mentioned the new obligation, but you didn't do the analysis. Why is that?

**Mr Archer:** If you look at the precise wording of the Climate Change Act, you will see that we're only obliged to commence providing the advice on the operation of the safeguard this year.

**Senator WATERS:** You say the obligation doesn't kick in until this year?

**Mr Archer:** Correct.

**Senator WATERS:** Do you know what part of the legislation that's in? I couldn't find it.

**Mr Archer:** We should be able to do that. The requirements are set out in section 14 of the Climate Change Act.

**Ms Evans:** I think you might find it will be because the safeguard only began on 1 July. The report this year will be the first time that the authority is in a position to report back on the fact that the safeguard has started. It had only been a matter of months for the last one. It's not in the act as a date.

**Senator WATERS:** It's just a functional conclusion.

**Ms Evans:** Yes.

**Mr Archer:** I think Ms Evans might be right, but, if there's anything different to that, we will let you know.

**Senator WATERS:** Thank you; I'd appreciate any further information on that. Have you got any of that information prepared already? Do you do drafts of those reports or just the one report? I don't understand the process.

**Mr Archer:** To answer the second question first, we do prepare drafts of our reports. That's part of the process of the work we do within the authority, and our authority members consider the advice that will ultimately be provided. I think at this stage the work that's been undertaken has been very preliminary and has been primarily

focused on identifying the data sources that we will be drawing on, as well as the fact that we are focusing on other parts of our work program at present. There's really nothing further on that analysis at this stage.

**Senator WATERS:** Could you share with us which data sources you have identified so far that you'll be relying on?

**Mr Archer:** The principal data source will be the official data that the CER has on the outcomes from the safeguard mechanism. That will be our primary source. The act does provide for us to receive information on new developments and on the potential emissions implications that those new developments, as they're approved, will have. That will be another source of information. Dr Searson, I don't know if there are any further elements to elaborate on at this stage.

**Dr Searson:** We'll also be looking at how the national inventory is tracking and what the national inventory, particularly the quarterly update, is reporting about how emissions are tracking in sectors covered by the safeguard mechanism.

**Senator WATERS:** When do those quarterly updates come out? Obviously quarterly, but when precisely?

**Dr Searson:** Sorry; I can't give you those—

**Senator WATERS:** Not sure? Okay. Have a look, please, if you could. How far out from the due date would you have the draft ready?

**Mr Archer:** That varies report by report. The time lines for the preparation of this year's annual progress report are not something that we have quite nailed down yet. We would be working through the year with our members on the various parts of our work program, and we would certainly have draft reports considered within the months leading up to the deadlines for their submission to the government.

**Senator WATERS:** What changes are made between the draft and the final? Who gets to have a look and make suggestions? What happens?

**Mr Archer:** Again, the processes for the preparation of a report will vary by report, and almost all of our work program elements do involve public consultation. I'm not quite sure how broad or narrow your question is, but, ultimately, the responsibility for the advice that the authority provides to the government is that of our members. They must agree on and sign off on the reports and the advice that we provide. It's an iterative process as we work with the staff in the authority and with the members to finalise those reports, and there would typically be public consultation during those processes.

**Senator WATERS:** Does the minister get the chance to review the draft before it becomes final?

**Mr Archer:** No, he does not.

**Senator BARBARA POCOCK:** We heard this morning that EY failed to declare conflicts of interest in relation to its work for the department of climate change, and this is of course unacceptable. I want to come to that issue in relation to the Climate Change Authority. You paid EY to assess the major offset frameworks used by businesses certified by the government's Climate Active scheme as part of a review of international offsets. Have I got that right?

**Mr Archer:** We engaged EY through a competitive process to develop a framework for assessing offset schemes for our 2022 review of international offsets, and the component of that review that was focused on was the suitability of offsets for use under the Climate Active scheme. They developed that framework with us and worked with us in applying that framework to the assessment of the schemes that we reviewed.

**Senator BARBARA POCOCK:** Was that the \$900,000 contract with Climate Active that began in January 2022?

**Mr Archer:** I believe that is the case. We'll just confirm the amount so as not to mislead you there.

**Ms Evans:** I think the contract you're referring to is the one with the department.

**Senator McAllister:** You had an exchange with Mr Johnson this morning about that—

**Senator BARBARA POCOCK:** But, as I understand it, in January 2022, EY started a contract with Climate Active, let by the department, and the EY partnership—is that right?

**Ms Evans:** That's correct, and I took on notice earlier that we would go and have a really good look at that contract. I think Mr Archer will just have a look now at what the contract the Climate Change Authority may have had with EY, which I dare say was not of that size.

**Mr Archer:** It was just over \$200,000.



**Senator BARBARA POCOCK:** Thanks for clarifying that. The EY partnership also has a number of clients who certify businesses under the Climate Active scheme. Is that right?

**Mr Archer:** I do not have firsthand knowledge of EY's business relationships as they relate to Climate Active participants.

**Ms Evans:** Suffice it to say, from your earlier line of questioning, we've already fully understood that this is something we need to look at carefully, and we'll look at it through the lens of the contracts that are held by the department and any other entities that are involved in helping us look at Climate Active and provide advice on Climate Active.

**Senator BARBARA POCOCK:** Thank you for volunteering that, Ms Evans. Let me clarify the questions that I'm interested in as you do the work. I'm interested in who the EY clients certified under the Climate Active scheme are. Was EY's work for Climate Active and Climate Active members disclosed to the Climate Change Authority? I'm also interested in when your agency awarded them a contract. Also, did the Climate Change Authority consider that EY would have a reluctance to find flaws in the international offsets used by Climate Active because they also represent clients that use offsets? There's potentially an actual, and certainly a perceived, conflict of risk here, so I'd like to know how you view that and whether you have taken action in relation to it.

There has been a lot of research out there over a number of years that has brought into question the integrity of Verra and the Clean Development Mechanism. A 2023 *Guardian* investigation showed that 95 per cent of Verra's forest offsets were, to put it politely, junk. Another investigation last year showed that almost 80 per cent of all offsets are junk. Given the sheer number of investigations that showed Verra and the certified emissions reductions credits are fraudulent or junk, will the Climate Change Authority be carrying out another review of international offsets?

**Mr Archer:** I think we will take most of that on notice. On the last part of your question, we will be undertaking another review. The review that we undertook was a review that was commissioned under the Climate Change Authority Act. It's what's known as a special review. That was commissioned by the then minister of the day. Presently, we do not have plans to undertake a further review of a similar nature. One of the recommendations that we did make to the government in our report was that we felt it would be appropriate for a further review to be conducted. I think we put a time frame around that of 2025 or 2026 when we thought it would be appropriate for that to happen. That's what we said in that first review.

**Senator McAllister:** The senator may be interested to know that separate to this piece of work, which was initiated quite some years ago now, the department has recently issued a paper with proposals for design changes to the overall Climate Active program and has sought feedback on those proposed design changes. This is simply to indicate that, more broadly, the approach to Climate Active is under review and we're engaged in an active policy development process.

**Senator BARBARA POCOCK:** Can I ask about another EY contract? AusTender shows a \$149,000 contract by the Climate Change Authority to EY for a term I'm very familiar with in relation to big four consulting—management support services, which is a very generic term, widely used in relation to contracting. Can you tell me what this contract is for?

**Mr Archer:** We currently have a contract with Ernst & Young, and under that contract we are receiving services which could probably be described as expert modelling advice. We are undertaking modelling in support of our work to advise on Australia's 2035 emissions reduction targets. The modelling will also support the work that we are undertaking that was commissioned by the parliament on sectoral technology and emissions pathways. That work, principally, is being undertaken through an engagement with the CSIRO, but we also sought another adviser through a competitive procurement process to support us. That adviser is providing technical advice on the modelling exercise.

**Senator BARBARA POCOCK:** Does this contract relate to a particular person?

**Mr Archer:** Yes, that's correct.

**Senator BARBARA POCOCK:** Who is that person?

**Mr Archer:** That's Dr Steve Hatfield-Dodds.

**Senator BARBARA POCOCK:** Who employs Mr Dodds? Who is his direct employer? Or is he a partner?

**Mr Archer:** My understanding is that he is a partner of Ernst & Young.

**Senator BARBARA POCOCK:** The Climate Change Authority has indicated in a 2023 issue paper that it has contracted EY Port Jackson—is that where Mr Hatfield-Dodds is located?

**Mr Archer:** My understanding is that that is correct; EY acquired Port Jackson Partners, so it's all part of EY now.

**Senator BARBARA POCOCK:** Why did you choose him? Why did you choose EY Port Jackson? What capability do you believe you purchased?

**Mr Archer:** Dr Hatfield-Dodds is a very respected adviser and has deep experience undertaking economic modelling and climate change policy modelling. He has previously been involved in several exercises within the CSIRO, and when we evaluated the proposals we received in response to our request we considered that the proposal involving Dr Hatfield-Dodds represented the best value for money.

**Senator BARBARA POCOCK:** It's my understanding that Mr Hatfield-Dodds is an associate partner of EY Port Jackson. He's a former head of ABARES and was appointed to the government's independent review of offsets—stop me if I get anything wrong here. In 2021 he oversaw the economic modelling of the coalition government's net zero plan, which assumed ongoing gas and coal production and ready availability of both international and Australian offsets. Is that basically the story?

**Mr Archer:** I'm not familiar with the details of Dr Hatfield-Dodds' role with the previous Australian government engagement. What you've just highlighted is the extensive experience that I was referring to that Dr Hatfield-Dodds has with modelling exercises of this kind. The other point I would make is that it is very much an advisory role. So the key scenarios and key assumptions that we're using in the modelling are ultimately those that the authority has determined, and the CSIRO is implementing the modelling.

**Senator BARBARA POCOCK:** Do you hold any concerns, Mr Archer, about the fact that EY has very large fossil fuel clients and, as we went through this morning, is a member of a range of advocacy bodies and professional associations which advocate aggressively, I would say, for the fossil fuel industry?

**Mr Archer:** I have no concerns about the work that we are undertaking within the authority.

**Senator BARBARA POCOCK:** Based on what?

**Mr Archer:** Based on my understanding of Dr Hatfield Dodds's expertise and knowledge, the factors that I have just outlined in relation to how we are running the modelling project and the fact that, ultimately, what goes into the model is something that the authority needs to be satisfied with.

**Senator BARBARA POCOCK:** So you hold no concerns based on what we heard this morning about EY's conflicts of interest, which were not declared previously to the department? Do you feel there is no risk to you as an organisation?

**Mr Archer:** We have elements within the contract that go to the identification and management of any conflicts of interest. We are in the process of seeking reassurance around that—

**Senator BARBARA POCOCK:** Can you explain what that means?

**Mr Archer:** That means that we will ask the contractor to reconsider whether anything has changed since we entered into the contract, and, at the time that we entered into the contract, there were no concerns about potential conflicts of interests raised. I think that's unlikely to be the case now, but we are seeking that reassurance.

**Senator BARBARA POCOCK:** Has Mr Hatfield-Dodds declared any conflicts of interest?

**Mr Archer:** Not that I'm aware of—to this point in time.

**Senator BARBARA POCOCK:** If you could take it on notice, I would be very interested to hear further detail about the way in which you are reviewing the conflicts of interest and if there are any details of conflicts of interest that Mr Hatfield-Dodds has notified.

**Ms Evans:** Senator, I have a correction to the characterisation of the evidence earlier. We're definitely looking into the perceived conflicts of interests from Ernst and Young, but, in the specific contract around the safeguard mechanism that we were talking with you about, the evidence was quite clear from Ms Johnson that we've confirmed that there was no actual conflict in that particular case. There was an oversight, and they should've declared what was a potential conflict, but we were very comfortable that, at the end of the day, there was no actual conflict in that case.

**Senator BARBARA POCOCK:** Thanks for that clarification.

**CHAIR:** Thank you very much. That is all the questions that we have for the Climate Change Authority. We will release you now. Thank you so much for your time and patience.

**Snowy Hydro Limited**

[17:08]

**CHAIR:** Welcome, Mr Barnes and Mr Whitby. Do you have any opening statement?

**Mr Barnes:** I do.

**CHAIR:** Speed is of the essence, but, obviously, an opportunity to express what you need to is open to you. Please go ahead.

**Mr Barnes:** Thank you for the opportunity to provide an update. Since I was last here in October, I'm pleased to confirm that TBM Florence recommenced tunnelling late last year, following approval from the New South Wales Department of Planning and Environment. As of today, Florence has advanced around 241 metres since restarting, and, as we speak, she is out of the particularly soft ground and tunnelling in open mode. We're mindful that some of the ground conditions ahead of Florence will be challenging, and we're continuing to closely examine options to derisk this work front. Following the reset of Snowy 2.0 last year, we're seeing the benefits of closer collaboration with our contractor, Future Generation, and expect this to continue.

I'd like to briefly draw the committee's attention to our inaugural sustainability report released in December. It demonstrates a commitment to transparency and accountability, and it balances the interests of our stakeholders, customers and employees, and the communities and environment in which we operate. In particular, our existing generation assets have already allowed us to buy more solar and wind electricity than the Snowy Scheme produces. The enablement of renewables will continue with our investment in Snowy 2.0 and the Hunter Power Project. This was most recently evidenced with the announcement of the financial close of the 414-megawatt Ungula Wind Farm, where Snowy purchases more than 70 per cent of the output.

Finally, suffice it to say that my first year at Snowy was focused on our construction projects, but as I commence my second year in the role I'm energised by the opportunity at Snowy to continue to enable the energy transition while supporting our customers and maintaining high standards of community engagement in line with our statement of expectations. Thank you again. Mr Whitby and I look forward to your questions.

**CHAIR:** Thank you. We will start with Senator Cadell.

**Senator CADELL:** Let's start with the basics first. Are there any changes to first power, final power or budgets of Snowy 2.0 or Kurri?

**Mr Barnes:** No.

**Senator CADELL:** Thank you. That's very simple. You mentioned there that Florence has gone 241 metres—going well. From my understanding, it's still got 14 or 15 kilometres to go. Is that right?

**Mr Barnes:** Yes, in the order of 15 kilometres.

**Senator CADELL:** You mentioned that the ground has got better and that it's operating in good ground but that there is other ground ahead. How much, on the same seismic model or similar model, of those 15 kilometres do we have to bore with Florence?

**Mr Barnes:** The headrace tunnel is 16 kilometres long in total. We know, towards the end of the headrace tunnel, or closest to the power station, there's in the order of 500 to 900 metres of fault zone.

**Senator CADELL:** A similar profile to the TBM?

**Mr Barnes:** Yes. We know that that will prove challenging. So one of the great things about the reset is that we're years ahead of that risk eventuating and we're starting to think about how we may de-risk that. But, to extend on your question, Florence really does need to move at 15 metres a day on average over the next two to three years. We have seen movement of that order on some days, but they do take a little bit of time to get going. She only restarted at the end of December, and the first 70 metres was still in that very wet, soft ground.

**Senator CADELL:** I'm stating the bleeding obvious, but tunnel boring is very important for water flow. I don't think hydro operates without water too well. Are there thoughts of purchasing another boring machine or leasing another boring machine to facilitate that alongside Florence?

**Mr Barnes:** One of the options on the headrace tunnel is to procure another tunnel boring machine. There are other techniques that we could employ, but over the next one to two months we'll continue the analysis on that and make a decision.

**Senator CADELL:** If the decision is to buy or lease another machine, will that fit in the funding envelope you've been given at this point?

**Mr Barnes:** When we reset the project with the \$12 billion target we allowed a number of contingencies, so I expect whatever path we take to de-risk the headrace tunnel would fit within that funding envelope.

**Senator CADELL:** Following the tunnelling, how long do we expect to take to finish off the main tunnel, the headrace tunnel?

**Mr Barnes:** The headrace tunnel is roughly three years from now.

**Senator CADELL:** From now—so only a year after the completion of tunnel boring?

**Mr Barnes:** We've got three tunnel boring machines in operation. Eileen, in the tailrace tunnel, which has gone quite well. She's tunnelled 1½ kilometres.

**Senator CADELL:** Come on, Eileen!

**Mr Barnes:** Yes, she's coming on. TBM Kirsten will tunnel the pressure shaft, which goes from the power station to the headrace tunnel. Florence, and maybe other techniques, will complete the headrace tunnel. In about three years from now, all will be complete, and then we will start the commissioning.

**Senator CADELL:** Okay. Moving around a little bit, there was a question on notice from last time about the aerosol used at Kurri Kurri. It had a few lost-time injuries and a few reports to medical. You were going to get a new Australian standard safety data sheet done for that—I think it was in question. Has that been done?

**Mr Barnes:** Yes. The cleaner was called Defric, which had an international safety data sheet. It then got an Australian safety data sheet, but we're actually using a different material anyway.

**Senator CADELL:** You're not using it any more, whatsoever?

**Mr Barnes:** No.

**Senator CADELL:** Have there been any incidents with the new one?

**Mr Barnes:** No, and there were no incidents with the prior one, other than the fact that it wasn't approved by Australia's Chemwatch.

**Senator CADELL:** Okay. Everything going well, I notice a spend increase of 10 per cent, from, I think, 2,000 megawatts—two gigawatts—to 2.2 gigawatts, on the Snowy Hydro scheme. How has that come about?

**Mr Barnes:** The equipment manufacturer, which is Voith Hydro—it's German owned—would always have a degree of contingency in its guarantees to us. As part of the reset, we were able to work with Voith to get those guarantees extended by the 10 per cent. It's common for power stations to have a bit of overload capacity, and we've just locked that in, in guarantees with Voith Hydro.

**Senator CADELL:** So it's always there and now locked in?

**Mr Barnes:** Yes, essentially.

**Mr Whitby:** Yes.

**Senator CADELL:** This is my favourite question and your least favourite question. Kurri Kurri gas peaker plant was always seeking to run with some hydrogen co-burn. Have we identified a source of green hydrogen and got a contract for it yet?

**Mr Barnes:** My interest is the operation of the power station—it being able to run on 15 per cent or 30 per cent green hydrogen. The good news is that it's looking more likely that 30 per cent is possible. But, no, we haven't sourced green hydrogen or signed a contract at this stage.

**Senator CADELL:** Is 30 per cent possible within the funding envelope you've got and been given, or will it be an additional cost and additional side project?

**Mr Barnes:** The report from Mitsubishi Heavy Industries isn't complete yet, and we wouldn't do it as part of this current construction, but it would be within Snowy Hydro's operating expense to be able to do that.

**Senator CADELL:** So it would be on top of the—is it \$965 million?

**Mr Barnes:** \$950 million is the current envelope.

**Senator CADELL:** Okay. So it would be on top of that.

**Mr Barnes:** Like I said, the report is not concluded yet, but the costs are relatively minor to convert the power station so that it can accept green hydrogen.

**Senator CADELL:** Has a business case been done for it yet?

**Mr Barnes:** No.

**Senator CADELL:** Okay. Lastly, we put in a request for documents through the Senate on your business plan, and what came through was heavily redacted. An FOI from a member of the public came back with more information than you gave to the Senate. How is that possible?

**Mr Barnes:** I'd reference the department's support on this, but there are a lot of documents published on our website, and you are able to collect a bit of data—

**Senator CADELL:** This is a reset report, I believe, that we're talking about.

**Mr Barnes:** The reset has been documented through press releases and through some of the comments I've made to journalists. The reset case to our board, and then the advice to government, would have contained more information than that.

**Senator CADELL:** That was the thing. But how is it that a member of the public gets a less redacted document than the Parliament of Australia?

**Mr Barnes:** They wouldn't have been able to access—

**Senator CADELL:** They did.

**Mr Barnes:** the document that was provided to our board and the minister.

**Senator CADELL:** No, but they got a less redacted version than we got. Ours, received under the Senate request for papers, was more redacted than what a member of the public got.

**Mr Barnes:** I'm not familiar with it—

**CHAIR:** On that note, if you have the details of that—

**Senator CADELL:** I'll bring it in.

**CHAIR:** It could be that there's a timing issue or something.

**Mr Barnes:** Yes, quite possibly.

**CHAIR:** Maybe you could take that on notice, to have a look at what the differential is there.

**Mr Barnes:** I will happily do so.

**CHAIR:** Thank you. Senator Payman.

**Senator PAYMAN:** Good afternoon. It's great to hear that there's progress with the status of Florence. My question is: does Snowy 2.0 still stack up as a commercially viable project?

**Mr Barnes:** We've publicly stated that the net present value of the investment is \$3 billion and would provide a rate of return of 7.4 per cent.

**Senator PAYMAN:** I'm curious to understand what kind of benefit Snowy will provide to the national electricity market and how that will flow on to consumers.

**Mr Barnes:** In our most recent sustainability report, we did have a go at what Snowy 2.0 would enable, in terms of new solar and wind build. I think it was in the order of 6,000 megawatts of new solar and wind build, which has the effect of taking close to 20 megatonnes of carbon out of the NEM. It also allows the lowest cost renewables to be built and to be firmed, or provide storage capacity, at peak times. We see it as enabling the lowest form of variable renewable electricity into the market.

**Senator PAYMAN:** Thank you, Mr Barnes. That's it from me.

**Senator DAVEY:** I'm aware we are going to a break, but I have a loads of questions, so I'll start with some follow-up questions. On the Kurri Kurri green hydrogen, have you identified where the hydrogen will come from yet?

**Mr Barnes:** No, I think that's still an emerging landscape. There are obviously lots of players looking to develop in the Hunter, and we're in conversation with those, but we haven't signed a contract yet.

**Senator DAVEY:** So you wouldn't be aware where the water to make the hydrogen will be coming from?

**Mr Barnes:** No.

**Senator DAVEY:** Back to my friend Florence, I'm very happy to hear she's up and running again. On the hole she did create, I note from your public reporting—and, as you say, there's a lot on your website—that part of the Snowy 2.0 project includes preparation and rehabilitation, and you've collected more than 200 kilograms of native seed to rehabilitate any grounds. Have you started to rehabilitate the hole that Florence caused, and how's that going?

**Mr Barnes:** Not yet. We only reached an understanding with New South Wales National Parks a few weeks ago, and we agreed an enforceable undertaking whereby we will fill in the hole and revegetate and contribute \$300,000 to the National Parks to rehabilitate some of the huts that were lost in the bushfires. That arrangement was only concluded just before Christmas.

**Senator DAVEY:** But we can be confident that the land will be rehabilitated?

**Mr Barnes:** Absolutely.

**Senator DAVEY:** The concerns around the impact on the national park in that area, at the very least—

**Mr Barnes:** Absolutely. The hole will be filled in and revegetated; you'll never know it's there.

**Senator DAVEY:** I've got a heap of questions on a different topic, so if Malcolm has questions on these topics I'm happy to go to him.

**CHAIR:** Senator Roberts, we will go to you, bearing in mind we're breaking at 5.30 pm, if you want to give it a crack.

**Senator ROBERTS:** Thank you for appearing here today. I said in 2018 that this is a dog: no cost-benefit analysis, no transparent business case and no basis. From your January 2024 project update, it seems that Florence has started moving again, drilling the headrace tunnel at Tantangara. How much distance has been made since the machine became bogged?

**Mr Barnes:** As of this morning, 241 metres.

**Senator ROBERTS:** How many weeks is that?

**Mr Barnes:** That's about eight weeks.

**Senator ROBERTS:** Let's move on to the water. Once completed, how much water will the project require to operate, and what will the losses be to evaporation and seepage?

**Mr Barnes:** The Tantangara Dam reservoir will contain 350,000 gigawatt hours of water equivalent, which is around 700 gigalitres.

**Senator ROBERTS:** How many gigalitres?

**Mr Barnes:** Sorry, 240 gigalitres, two-thirds of that. The losses on moving the water uphill and bringing it downhill is in the order of 20 per cent.

**Senator ROBERTS:** And evaporation and seepage?

**Mr Barnes:** There's no additional evaporation caused by the operation of Snowy 2.0.

**Senator ROBERTS:** I appreciate you can access Talbingo water, but I'm looking at issues around Tantangara, the top dam. Tantangara Dam has a poor catchment design, as I understand it, holds a nominal 250 gigalitres—you said 240—and is currently at 19 per cent capacity, so roughly 47 gigalitres. You must be watching the water closely, since water is essential to your project. Can you tell me the latest capacity and how much of that is that is dead storage?

**Mr Barnes:** Tantangara reservoir allows us to store 240 gigalitres. Obviously, before we were to operate Snowy 2.0, we would ensure that it was more full than 19 per cent, but there's no lost storage in effect.

**Senator ROBERTS:** What is the effective storage that you're counting on?

**Mr Barnes:** It's 240 gigalitres, which turns into 350 gigawatt hours.

**Senator ROBERTS:** The long-term weather forecasts say it'll be fairly wet until it starts becoming dry around 2032, when Snowy 2.0 starts. Tantangara, as I understand it, is used to store and release all of the environmental water going into the Murrumbidgee River. What happens if the 40 gigalitres available after dead water—unless there's another figure in there; dead water being the amount of water that's basically inaccessible because it's below the outlet—are required for environmental flow? Who owns the water that you pump from Talbingo to Tantangara? Can you show me the water use agreement between your project, the federal government and the NSW government, please?

**Mr Barnes:** We don't own the water; we operate under the terms of our water licence, which is a public document. Perhaps Mr Whitby can—

**Mr Whitby:** Senator, I think you're not taking into account the natural inflows that occur into the upper Murrumbidgee, which, from memory and off the top of my head, is about a similar amount to that 240 gigalitres of storage.

**Senator ROBERTS:** It's a fairly small catchment, though, as I understand it.

**Mr Whitby:** There's still quite a bit of water that comes in there.

**Senator ROBERTS:** Quite a bit—how much?

**Mr Whitby:** I just said, off the top of my head, that it's around 240 gigalitres of natural inflows.

**Senator ROBERTS:** So that's in addition—

**Mr Whitby:** And, additionally, when Snowy 2.0 is operating, depending on the balance between pumping and generation, you can take water out of Talbingo, the lower storage, which is the whole point of the arrangement.

**Senator ROBERTS:** My understanding is that the Commonwealth Environmental Water Holder owns and controls every drop in that dam.

**Mr Whitby:** No.

**Senator ROBERTS:** The Snowy Water Inquiry Outcomes Implementation Deed, SWIOID—which was some years ago—is currently under review based on the upper Murrumbidgee River running dry recently. Will any outcome from that review lead to your water entitlement being reduced or affected in any way?

**Mr Barnes:** I think it's too early to say that; it has some time to go.

**Senator ROBERTS:** That would be a significant risk to the whole project. Surely you've done some assessments of it.

**Mr Barnes:** I think the review will take into account and balance the needs of our stakeholders, including the national electricity market. There are times, of course, where—if we go back to the 2019 drought and bushfires—the flows through the upper Murrumbidgee were higher than naturally would have occurred, as a result of our operations. So it can have a positive effect.

**Senator ROBERTS:** According to an ABC article, Snowy Hydro has previously stated that the regulation governing water allocations for the scheme is independent of it and that the government owns the water; is that correct?

**Mr Whitby:** Yes.

**Senator ROBERTS:** So there's no agreement at risk here—or anything subject to an agreement?

**Mr Barnes:** We operate under our water licence. The implementation deed you referred to from 2002 is the instrument that's under review.

**Senator ROBERTS:** From 2002—that's SWIOID.

**Mr Barnes:** Yes.

**Senator ROBERTS:** Three weeks ago, the New South Wales government announced temporary water restrictions on Murrumbidgee water licences, specifically water sources I and II, high-flow river licences. Are you confident you'll always get your water? Everyone seems to be claiming the water—the farms, the towns, the environment—but who actually gets it in the water brawl?

**Mr Barnes:** I might leave that one to Mr Whitby, but we don't consume any water.

**Mr Whitby:** I'm not sure I really understand the question, Senator. Are you asking if we're confident that we will get future inflows?

**Senator ROBERTS:** Yes.

**Mr Whitby:** That's a matter for the gods; I'll leave it there.

**Senator ROBERTS:** So we're leaving it to the gods.

**CHAIR:** We are going to break now, and we can come back to any further questions.

**Proceedings suspended from 17:28 to 17:38**

**CHAIR:** We will resume now, returning with Snowy Hydro Limited. Thank you for waiting. We'll go directly to Senator Davey.

**Senator DAVEY:** I am following on a little bit from what Senator Roberts was asking about, but with a bit of different bent. To clarify, when you say that you don't own water, you are the managers of the water infrastructure and you operate in accordance with the Snowy Hydro licence, which is a New South Wales licence; is that correct? One of the confusions is—the water you release is then resocialised and therefore someone else's allocation. Snowy Hydro doesn't own the water; you can't trade the water like a normal water licence holder.

**Mr Whitby:** Correct. Snowy Hydro operates electricity generation infrastructure, and obviously to do that we have a water licence which defines our rights and obligations, so we're not a traditional water user. We just have rights to collect, divert, store and release the water that comes into our catchments. Under the water licence, we have to release a prescribed amount in each of our developments. The Snowy-Murray and the Snowy-Tumut developments and the Murray and Murrumbidgee rivers, respectfully, release that annual quantity of water per year.

**Senator DAVEY:** On the licence, or the way you manage your water, as you said you've got different releases, so there is a volume which you are required to release every year, the required annual release, and a certain volume for the Murray and a certain volume for the Murrumbidgee. You've also got Snowy River increased flows, Snowy montane increased flows and a dry inflow sequence. Is that—

**Mr Whitby:** Correct. They're all elements codified in the Snowy Water Licence, which is an instrument, as you mentioned, issued by the New South Wales government that defines what we must do in terms of those releases.

**Senator DAVEY:** This brings me to my core questions. At the end of last year, the restoring our rivers bill was passed by the parliament, and part of that bill included amendments from Senator David Pocock specifically about montane river releases and restoring upper Murrumbidgee flows. Can you explain what conversations you or the board had with Senator Pocock prior to him developing or drafting those amendments?

**Mr Whitby:** To my knowledge, none. That's a matter for government and policymakers in terms of what ultimately might change if something changes with respect to the water licence which, as I've mentioned previously, we operate to.

**Senator DAVEY:** A lot of Senator Pocock's announcement on this agreement that he reached with the government was about setting aside \$30 million in a contingency reserve—and, Minister, you might have to help me here—that can be drawn upon to support additional water in the upper Murrumbidgee during drought-like conditions. Why would you need \$30 million extra to do something that Snowy Hydro does? You mentioned before, Mr Barnes, that during the last dry period there were more flows in the upper Murrumbidgee than there would have been under natural conditions, so what's the \$30 million for?

**Mr Barnes:** I understand the \$30 million is to be held within the DCCEEW's allowances. We have no direct access or rights to that \$30 million.

**Senator DAVEY:** Okay, I guess I can come back to DCCEEW on Friday and really hammer it home. I have more questions for Snowy then. If there are extra flows going down the Snowy montane rivers, my reading of the information around your operations is that water in the Snowy montane increased flows is calculated, but there's also an assessment made on foregone energy generation because some of the points of release don't go through the power generation turbines. I read:

The power generation that Snowy Hydro Limited foregoes is limited to a maximum of 150 gigawatt hours per annum.

And I'm paraphrasing now, but the amount released 'is proportional to the water available for the Snowy River increased flows' in that year.

**Senator McAllister:** Before you ask your question, would you mind indicating where you're quoting from? It's difficult for witnesses or indeed your fellow committee members to respond.

**Senator DAVEY:** Sorry, that is referred to several times in information about Snowy Hydro. I think it's on Snowy Hydro's own website. Also the New South Wales Department of Planning and Environment has it on their website for managing water for the environment in the Snowy and montane rivers.

**Senator McAllister:** Thanks, Senator Davey.

**Senator DAVEY:** If there is a requirement and there's \$30 million set aside in the department as a contingency reserve, is it possible that there is an assumption that you may have to exceed the 150 gigawatt hours foregone and that the \$30 million might be compensation for that? We're trying to understand, firstly, how the \$30 million was devised and what conversations you've had. You've said you had none with Senator Pocock, but hopefully you've had some conversations with the department and the government in developing this agreement and announcement.

**Mr Barnes:** The conversations I had with my board and the department were really on what Snowy's posture would be on a review of the implementation deed. The board were very comfortable with committing to a more open posture around what environmental flows may look like—and that we would work with the relevant departments and regulators to determine the trade-offs between environmental flows, social flows and the electricity market. But there's been no agreement of any sort as to what that might look like at this stage.

**Senator DAVEY:** Is there any risk to the required annual release, through this new agreement? We know that, when the Snowy River increased flows were devised and recovered, it was recovered from consumptive water users further downstream. So, if there is a requirement to increase the Snowy montane increased flows, is there a risk that that will need to come from consumptive water users further downstream?

**Senator McAllister:** Senator Davey, I am very happy for officials to give you the information that they have, but I am conscious that most of the questions you're asking are policy questions related to the way that water policy is being administered. Snowy Hydro can, of course, provide information about any assessments they've undertaken or engagements they've been involved in, but some of those broader questions about policy design and the impact in the broader system may well be better asked on Friday.



**Mr Barnes:** That's essentially what I was going to say. We're the end of the chain, to use a hydro pun, and our statement of posture on the restoring our rivers bill was really a statement of our openness to provide all of the modelling we have and help the relevant policymakers and regulators understand the consequences of any particular action.

**Senator DAVEY:** Part of that agreement also required further reporting requirements on Snowy Hydro, and this comes from the amendment introduced by Senator Pocock, which states:

The Secretary must prepare an annual report on the release of water for environmental use from the Snowy Scheme.

But doesn't Snowy Hydro already provide very public reports on environmental water releases, including in, as you mentioned, your new inaugural *Sustainability report*? You've reported quite publicly on environmental releases and increased flows in the past, have you not?

**Mr Whitby:** I believe so. Yes, we do.

**CHAIR:** So that everyone's aware, the Offshore Infrastructure Regulator and Registrar can only be with us until 6:30. So can you just bear that in mind, balance out your questions and please take whatever you can on notice.

**Senator DAVEY:** Will do. Bearing in mind that—

**CHAIR:** Sorry, put whatever you can on notice.

**Senator DAVEY:** I've now got a whole series of new questions for the department for Friday, so of course the department will be ready. Minister, for you: in this agreement with Senator Pocock—and the reason why I am asking today is that it was very much about Snowy and the Upper Murrumbidgee—there was also \$20 million to go towards catchment health of the Upper Murrumbidgee. Is there any indication of how that will be distributed, what groups will be getting that and who will be doing the scientific reports?

**Senator McAllister:** Senator, they really are questions for the department and the part of the department that deals with water and biodiversity. I will see what is possible to get to you, but I do think that they may need to be asked in a different part of the program, when the officers are available so that you can get proper answers to your questions.

**Senator DAVEY:** Okay. Finally—and this is one for Snowy Hydro—because of this agreement and the requirement to potentially allow further flows in the Upper Murrumbidgee, is there a requirement to upgrade the Tantangera outlet, or is your existing infrastructure adequate for what may be required? And certainly, in some of the non-turbine releases, are those outlets adequate?

**Mr Whitby:** That would depend on the size of the increase of any potential variation. So up to a point it would be adequate, and beyond that point it would require changes to the dam infrastructure.

**Senator DAVEY:** When is the review of the SWIOD? That has commenced. When is it due for—

**Mr Barnes:** Again, another question for the departments.

**Senator DAVEY:** It's a Friday question. Okay. I'll come back on Friday. Funny that.

**Senator McAllister:** Senator, if I have any more information about which parts of the department could best address the questions that you have expressed this evening, I will try to come back to you this evening on that issue, if I can obtain that information.

**Senator DAVEY:** Thank you very much.

**CHAIR:** Senator Roberts.

**Senator ROBERTS:** Of the now \$12 billion projected cost, how much of that is private money?

**Mr Barnes:** I'm not sure I understand the question, but—

**Senator ROBERTS:** Is it all taxpayer money?

**Mr Barnes:** Snowy will finance its debt position, because of course we have debt for the purposes of our operating cash flows, from the bank market or the bond market, and I think we've been public that the \$6 million increase will require some equity support from the Commonwealth. That level hasn't been determined yet.

**Senator ROBERTS:** So its component is privately funded; the debt will be privately funded and then paid back through the revenue?

**Mr Barnes:** Well, we pay a dividend, obviously, to the Commonwealth and over the last 10 years we've paid \$2 billion in dividends and \$1 billion in taxes, so it is an investment that the Commonwealth get a return on.

**Senator ROBERTS:** I understand that in answer to Senator Cadel earlier on, you said the net present value is now \$3 billion.

**Mr Barnes:** That's correct.

**Senator ROBERTS:** Is that with a \$5 billion cost or \$12 billion cost?

**Mr Barnes:** A \$12 billion.

**Senator ROBERTS:** Could you provide on notice the price of the power you sell that you envisage? Your selling price? We'd like to get a feel for the cost.

**Mr Barnes:** The Snowy 2.0 concept is that its revenue comes from two sources: the provision of insurance to all the participants in the market—so that doesn't have a power price; it has a fee—and then the difference in the cost of pumping the water up, which will likely occur when there is excess renewables, and the revenue from generating electricity as the water comes down. So there isn't what you would call a translatable energy price that results.

**Senator ROBERTS:** On what basis is the project calculated to give a net present value of \$3 billion? If we could have the basis for that.

**Mr Barnes:** We've done market modelling on those two revenue streams. Bear in mind that that is an activity we undertake today for our current 5,500 megawatts. We have seen increasingly, with the increase in variable and renewable electricity, that the market value of those two services has gone up.

**Senator ROBERTS:** Can we get access to your costs, please, so that we can understand how the \$3 billion net present value is calculated?

**Mr Barnes:** We haven't released the detailed business case on the present value of the project.

**Senator ROBERTS:** So we can't get it?

**Mr Barnes:** I think we have taken on notice in the past that we would consider what business case could be provided. But the business case essence is no different to when it originally went to FID.

**Senator ROBERTS:** A lot of the key assumptions back then were redacted.

**Mr Barnes:** A business case was released a number of years ago, and all of the same dynamics apply, except that the market for the services we provide has increased.

**Senator ROBERTS:** Can we get a feel for the revenue from the guarantee—the insurance if you like—as well as the profit on the price difference?

**Mr Barnes:** I think I've said publicly before that—and one can calculate this—the revenue from Snowy 2.0 is in the order of a billion dollars a year. One-third is from capacity sales, and one-third is from a shift in electricity from low-price times to higher price times.

**Senator ROBERTS:** Minister, it seems to me the taxpayer is taking a big risk here so far with what we've seen of the performance of Snowy 2.0. Why can't the taxpayers see what they're paying for and the risk they're being exposed to?

**Senator McAllister:** I think the history of this project is well understood. We've asked Snowy management to take a more active role in assessing and responding to project risk, and we've talked already about the reset. I think, as part of the reset, Snowy management—Mr Barnes and his team—released quite an amount of information and the results of their analysis of their position, and they've made clear their assessment about the value that sits within the project. If there's any further information we can provide, we're happy to consider it.

**Senator ROBERTS:** Could you take that on notice, please. What are your annual maintenance costs in your net present value calculations?

**Mr Barnes:** I don't have the number off the top of my head, but it's relatively small.

**Senator ROBERTS:** Could you take that on notice.

**Mr Barnes:** Yes.

**Senator ROBERTS:** This is my final question. We've heard reports from someone who's local, so we're not saying it's definite—I haven't got a publication; it's just reports from a local. Have you encountered natural asbestos as part of land clearing, drilling or construction of Snowy 2.0?

**Mr Barnes:** I'm not sure we have to date, but we do expect to—

**Mr Whitby:** I would phrase it as there is a risk that we may encounter naturally occurring asbestos.

**Senator ROBERTS:** What sort of risk is that? Is it from geology projecting forward? What's the basis of it?

**Mr Whitby:** From projection, geological models based on the geological surveying that we've done.

**Senator ROBERTS:** And drilling as a part of that?

**Mr Whitby:** Correct.

**Senator ROBERTS:** Where is it, what are the costs, and what delays will this cause?

**Mr Barnes:** We don't know exactly where it may occur, but the design of Florence is such that, were it to be encountered, Florence would convert into its closed or slurry mode and be able to handle the excavation. It's a risk that's already been planned for.

**Senator ROBERTS:** So it's incorporated in the cost?

**Mr Barnes:** Yes.

**Senator ROBERTS:** Thank you, Chair, and thank you.

**CHAIR:** Thank you very much. We will briefly go to Senator Cadell.

**Senator CADELL:** Some of your answers to questions piqued my interest. The answer to Senator Payman about the NPV of \$3 billion and the rate of return of 7.4 per cent. What document does that come from?

**Mr Barnes:** I think we put that in the press release on the announcement of the reset.

**Senator CADELL:** Are the business case highlights from there? Is that where they've come from as a source?

**Mr Barnes:** It's from the internal modelling and board advice I would have given.

**Senator CADELL:** My concern is that the Senate asked for documents regarding the business case, and it was not given those. There is no private money at all in this. It's either government owned corporation debt and revenue or government funds. Why can't we have a look at the business case? Why can't we have a look at the reset document, given there is no private equity in this whatsoever?

**Senator McAllister:** Perhaps I can assist you. I think you are talking about Senate order 338. Is that correct?

**Senator CADELL:** Yes.

**Senator McAllister:** The advice I have is that material was redacted or withheld where it was out of the scope of the request, where it contained the personal information of departmental officials below the SES level, where it contained the personal information of ministerial staff or where it contained the personal information of non-executive Snowy Hydro staff. Additionally, some documents were redacted where they contained commercial-in-confidence material of Snowy Hydro Ltd and the other third-party entities that it contracts with. The reasoning behind that, which has been consistent over many years for governments of all stripes, is that material of that kind, when released, can be contrary to the public interest as its disclosure could disadvantage Snowy Hydro Ltd, advantage competitors, diminish Snowy Hydro Ltd's ability to contribute to the security and reliability of the market in Australia and, correspondingly, detrimentally impact Australian energy consumers.

**Senator CADELL:** I thank you for that. It was some personal information, but I think that equated to five per cent of the redaction, and the rest was the business case. How can it be commercial-in-confidence when it is 100 per cent public money that is being used on this? If you hold something up and you want to, for example, apply *Esso v Plowman*, section 39 says: 'The onus should be specifically on the government about why it is commercial-in-confidence, not the other way around.' Why can't the people see where this money goes? We've just heard evidence that the government has said yes to the \$6 billion expansion without knowing the quantum of what we're on the hook for. You can't tell me the quantum of how the \$1.38 billion—I think the government was in an equity position for the \$6 billion. Is that right?

**Mr Barnes:** Temporary equity, yes.

**Senator CADELL:** You can't tell me, out of the next \$6 billion tranche, how much the government is on hook for. The parliament can't know, because you're withholding the document, and you can't give me a ballpark figure anywhere between one buck fifty and \$5.99 billion of what the taxpayers are up for an equity injection.

**Mr Barnes:** I can't actually remember, but I think we did talk about the quantum of the equity contribution.

**Senator CADELL:** You just said here that you haven't done that. So what is the quantum?

**Mr Barnes:** We haven't finalised it.

**Mr Duggan:** When Snowy came to the government and disclosed that the cost of the project had increased, the government gave Snowy assurances that it could enter into the project reset with the contractors, for all reasons that Mr Barnes and Mr Whitby have given evidence for before. Exactly how to provide that financial backing to Snowy to deliver on that is now subject to consideration by government. There are choices there between equity and Snowy raising further debt. That element has not been finalised yet, but it is in train at the moment.

**Senator CADELL:** But the government has given the okay for up to \$6 billion.

**Mr Duggan:** The government has given the okay for Snowy to enter into the revised contract—so the project reset. It's given Snowy a letter of comfort to indicate that it can undertake that transaction knowing that the government will provide the financial resources.

**Senator CADELL:** So, if it fails on the market, we're on the hook for the whole lot. If it fails to get debt, the Australian taxpayer is on for an equity injection of \$6 billion.

**Mr Duggan:** Let's take a step back. Where we are currently working with the Department of Finance is on ensuring that we put Snowy in the position to be able to meet its financial obligations under the project reset.

**Senator CADELL:** But, if they can't get debt equity, we're on the hook for the whole lot.

**Mr Duggan:** There are a many steps before you get to that as a hypothetical. We are working with Finance to ensure that Snowy has the financial resources it needs. Whether that's through equity or that's through their own access to the market, that will be assessed based on—

**Senator CADELL:** But, if they get access to the market, surely that lowers the dividend to the taxpayer, going forward.

**Mr Duggan:** There are a number of considerations there. In those considerations we would consider things like the capacity of Snowy, through that capital review, to carry more debt on its balance sheet. The alternative is it receives equity from the government. It's an informed assessment based on a whole range of financial metrics.

**Senator CADELL:** Mr Barnes, I would like you to table the business case and the reset report or lodge a formal public interest immunity claim today.

**Senator McAllister:** I think we'll take that on notice.

**Senator CADELL:** Taking it on notice—it's available; those documents are there. Are we lodging a PII against tabling that. They're documents that are available.

**CHAIR:** They can consider that and come back to you.

**Senator CADELL:** To hide behind a fully owned government corporation, a fully funded project, on commercial in confidence is a farce to the Australia taxpayer. We may as well not be here if that's the way we're going to take it.

**Senator McAllister:** Senator Cadell, I'm sorry that you weren't here for some of the discussions that we had with Senator Cormann when he was the finance minister.

**Senator CADELL:** He is not here now; I'm here now.

**Senator McAllister:** He most certainly is not, but I can assure you it is longstanding practice not to disclose information that is commercially sensitive and risks of jeopardising the commercial operations of an entity.

**Senator CADELL:** I suggest we look at *Esso v Plowman*, in paragraphs 39 and 40, and their ruling, and then make a decision as soon as possible.

**CHAIR:** Could you take that on notice, and come back to us as soon as you can?

**Mr Barnes:** Yes.

**CHAIR:** Thank you very much, Mr Barnes. You are now released from the estimates program, and we thank you for your time.

### **Offshore Infrastructure Regulator**

### **Offshore Infrastructure Registrar**

[18:05]

**CHAIR:** We now call the Offshore Infrastructure Regulator and the Offshore Infrastructure Registrar. Thank you very much and welcome, Ms Sue McCarrey, the CEO of the Offshore Infrastructure Regulator and Mr Graeme Waters from the Offshore Infrastructure Registrar. I acknowledge it's the first time you've appeared before the environment communications committee. Thank you for making yourself available. I know it was on short notice, therefore we're giving you a total leave pass on the fact that you've booked planes. We do not normally do that. This committee never runs to time at estimates. Thank you for making yourselves available, and we will let you go in time to catch your respective flights, because I know this is a bit of a challenge. I do note that Ms McCarrey is separately the CEO of NOPSEMA, and Mr Waters is separately the administrator at NOPTA.

Senators are reminded that this session is limited to questions which relate specifically to the responsibilities of the regulator and the registrar, not to the broader responsibilities. Questions relating to NOPSEMA or NOPTA

should be asked when those agencies appear before economics on Thursday. Would either of you like to make an opening statement?

**Ms McCarrey:** If you don't mind, I've got some points which may actually help the committee about the clarification of the different roles, which may actually assist. As mentioned, my name is Sue McCarrey, and I'm the Chief Executive Officer of the Offshore Infrastructure Regulator. First of all, thank you very much for the opportunity to appear before the environment communications committee, in our capacity as the Offshore Infrastructure Regulator. I'm actually joined today by Mr Cameron Grebe, who is deputy CEO of Strategic Regulation and Improvement, and Mr Owen Wilson, who's heading up a new area as our Executive Director, Offshore Renewables Regulation.

The role and functions of the Offshore Infrastructure Regulator are outlined in the Offshore Electricity Infrastructure Act, as I'm sure you are aware, and are legislatively separate from the functions, duties and cost recovery of NOPSEMA, as the regular of oil and gas, and greenhouse gas injection and storage activities. As CEO I represent both the Offshore Infrastructure Regulator and NOPSEMA in their respective regulatory capacities.

Under the OEI act framework, there are three agencies. The Department of Climate Change, Energy, the Environment and Water is responsible for developing the legislative framework, identifying areas potentially suitable for offshore renewables and assessing offshore renewable energy proposals under the EPBC Act. The Offshore Infrastructure Registrar is responsible for assessing license applications and making recommendations to the Minister for Climate Change and Energy. Our agency is not involved in these processes.

As the Offshore Infrastructure Regulator, we have responsibility for operational oversight of the offshore renewables industry, with particular focus on work health and safety, infrastructure integrity and environmental management. Our formal role commences once the Minister for Climate Change and Energy has granted licences, noting that no licences are currently in place and that no activities are currently being regulated under the OEI Act framework. But in preparation for our operational regulatory role we're currently building a team of qualified, experienced regulatory personnel, and our dedicated team have expertise in work health and safety, infrastructure integrity, environmental management, stakeholder engagement, offshore wind development, project management and offshore energy regulation.

We're also developing systems and processes to deliver the functions of the OIR from commencement of the regulatory framework. A key focus for us will be providing advice and guidance to stakeholders in relation to the requirements as we move toward licence grants and establishment of the industry. With that, I welcome any questions from the committee.

**CHAIR:** Do you have anything to add, Mr Waters?

**Mr Waters:** No, I think Ms McCarrey covered it all very clearly.

**CHAIR:** Excellent.

**Senator HUGHES:** Thank you, Ms McCarrey. I must say I'm still a little bit confused. Last estimates we asked here and at industry about the licensing arrangements and approvals, and it was very unclear who was actually responsible where because I was referred back and forth between the two departments. You just said you are not responsible for licence approval.

**Ms McCarrey:** That's correct.

**Senator HUGHES:** So who is?

**Ms McCarrey:** I can refer you to the registrar

**Senator HUGHES:** So the Offshore Infrastructure Registrar is?

**Mr Waters:** Yes.

**Senator HUGHES:** It's not confusing at all having regulator/registrar!

**Mr Waters:** The registrar assesses applications for licences and advises the Minister for Climate Change and Energy, who makes the decision as to who the licences are granted to.

**Senator HUGHES:** What sort of criteria and standards do you look at?

**Mr Waters:** The merit criteria is outlined in the act, and we have been assessing applications for feasibility licences—first of all for the Gippsland area, and we have now started assessing applications for the Hunter area.

**Senator HUGHES:** What about environmental impacts and sustainability practices? Are they part of it?

**Mr Waters:** No. I can go through the merit criteria if you wish, but it doesn't include environment.

**Senator HUGHES:** It doesn't?

**Mr Waters:** No.

**Senator HUGHES:** So you don't do environment approvals—

**Mr Taylor:** Perhaps we can clarify, we don't directly consider the environment approvals but we do consider the track record of applicants.

**Senator HUGHES:** So you don't do environment directly but you look at past performance of applicants?

**Mr Taylor:** We look at the suitability of the applicant to hold the licence.

**Senator HUGHES:** What about communities and stakeholder engagement there? Are you involved in any of that process?

**Mr Waters:** No, that is something that is handled by the department.

**Mr Gaddes:** I might be able to help. We spoke last time, and I did answer some of your questions but, obviously, not in the way you like them answered. The department looks after the declaration area and the consultation around the areas that are proposed for offshore wind. The minister makes a decision on that process. The department also—and these are the officers in outcome 2—will do the full environmental assessment under the EPBC Act for offshore wind assets that go out there for each of the licence holders, because it's solely in the Commonwealth waters. It's solely Commonwealth area; there is no state assessment that is undertaken there.

**Senator HUGHES:** Where does the OIR directly report—which department? How does that sit?

**Mr Waters:** I'm a general manager within the oil and gas division of the Department of Industry, Science and Resources. Insofar as my role as registrar goes, we work with the department of climate change, environment and water and we are advisers to the climate change minister. That is an unusual situation. It's not unheard of—

**Senator HUGHES:** It has been quite the maze.

**Mr Waters:** I am appointed as registrar by the secretary of DCCEEW with the agreement of the secretary of Industry, Science and Resources. Does that help?

**Mr Gaddes:** Senator, if I could help explain how these circumstances came to be, maybe that could help untangle it a bit for you?

**Senator HUGHES:** No, that's okay. I'm just trying to untangle it a little bit. We had a very big rally here last week, and there were lots of people here, particularly from the Hunter region, who would've really liked to have a discussion with some of the people who make decisions around these things. Unfortunately they were unable to speak to anyone from the government. They don't really understand the lay of the land, where they need to go or how they can potentially get some engagement, because the community engagement has been appalling in that region. I'm trying to understand where I need to tell them to go and how it all works. I'm really conscious of time and you guys having to go. Mr Waters, depending on location, offshore oil and gas have a limit of roughly 70 to 85 kilometres? Or is that NOPSEMA?

**Senator McAllister:** I think this is the same question that you asked—

**Senator HUGHES:** Well, I still haven't got an answer. I'm trying to understand why the size that can be allocated is considerably larger when it comes to offshore wind than what needs to be allocated for offshore oil and gas exploration.

**Senator McAllister:** I think that if you ask the officials questions about offshore wind you will receive answers. The challenge is that last time you went down this line of questioning you were asking about oil and gas.

**Senator HUGHES:** No-one can answer my question.

**Senator McAllister:** The officials are here.

**Senator HUGHES:** And I'm trying to ask the question. There are two: Gippsland and Hunter. What are the sizes of the offshore wind areas that are currently being looked at?

**Mr Waters:** Sorry, I don't have those exact figures, but I would be able to provide the overall area for you, and in map form. But, yes, your assumption—if that's what it was—was correct. The area in Gippsland and the area in offshore Hunter are significant areas. Applicants were invited to submit proposals within the broad parameters of those areas, and the area nominated by them is something that we assess through the application process as to the reasonableness of it and whether or not there are any overlapping areas between projects being proposed. Does that—

**Mr Gaddes:** Senator, I have the answer to that question. The Gippsland area, off Victoria, is roughly 15,000 square kilometres, and the Hunter area, off New South Wales, is roughly 1,854 square kilometres. That's for the

large area that proponents can apply for feasibility licences within. Within the Gippsland area and the Hunter area, the maximum size that they can apply for a feasibility licence for is 700 kilometres squared.

**Senator HUGHES:** Again, apologies if this is something we think we've covered. I'm still trying to get my head around who does what. You're doing the feasibility side of it—whether or not this is a viable project, working with the proponents?

**Mr Taylor:** At this point, the proponents are applying for a licence to study the feasibility of a project. The licence allows them to undertake work to determine whether or not they have a feasible project that can then move forward to a commercial licence stage.

**Senator HUGHES:** Who gives them the licence? Do you give them the licence?

**Mr Taylor:** We provide the advice to the minister. The minister makes the decision—

**Senator HUGHES:** That he should provide the licence?

**Mr Taylor:** On each individual application, whether they're suitable for a licence, and on the potential decisions.

**Senator HUGHES:** What are the criteria for you to go to the minister and go, 'Yes, give them a licence'?

**Mr Waters:** The merit criteria, against which we assess the feasibility licence application, are their technical and financial capability to undertake their proposed project, the likely viability of the proposed project, the applicant's suitability to hold a licence—Mr Taylor mentioned that earlier—and whether the proposed project is in the national interest. The merit criteria are within the legislation.

**Senator HUGHES:** I guess what I'm confused about is, if you're not looking at the environmental stuff, the stakeholder engagement, what the community feels about it, which is up here with DCCEE—DCCEE—that's not part of whether or not a licence is issued.

**Mr Waters:** That's correct.

**Senator HUGHES:** A lot of communities would get very upset, because licences are being issued even though there has been no community consultation or environmental impact assessment.

**Mr Taylor:** That consultation process occurs before the minister opens an area for licence applications through the declaration-of-an-area process.

**Senator HUGHES:** So that's the 15,000—

**Mr Taylor:** DCCEE undertakes a consultation process to provide advice to the minister on what area should be released—declared as an area—which is then available for applicants to make applications into. So, in effect, for our purposes, for the assessment purposes, the community consultation occurs in determining the area where people can apply. We then go through the licensing process. Some applicants will be awarded feasibility licences, and then, as they move through to undertake specific activities, there will be environmental approvals and further consultation requirements as part of being authorised to undertake those activities.

**Mr Gaddes:** That's an important point, because the declaration of the area only allows for feasibility licences in the first instance. Then, when we have proponents and licence holders, they are required to go out and consult the community and affected parties as they develop and assess the feasibility of their project. Those consultation processes are contained in management plans, which are assessed by the regulator. This is the first step of a very long relationship between the proponents and the communities in which they will be developing their projects. Each stage of the work requires a management plan to undertake the work, and for each of the management plans they need to consult with the community and then satisfy the regulator that they've met those requirements.

**Senator McAllister:** This is all set out in the legislation, or at least all grounded in the legislation, that was considered in 2021 and 2022.

**Senator HUGHES:** Yes, but I'm concerned. Communities are coming to see me. I'm also going to see them, and I know Senator Cadell has been out to see them. An awful lot of them turned up on the front lawn of Parliament House. They do not feel that their communities have been engaged with or consulted and they are feeling very frustrated by the process and whether they have any recourse at all. These people feel that this is just a fait accompli. Minister Bowen acknowledged that the community stakeholder engagement process was not up to scratch—he has acknowledged that—but he proceeded to continue anyway on this project. What is the recourse for these communities who don't want offshore wind farms in the Hunter and who don't want them off Port Stephens? They don't want impacts on their marine life and on tourism and the other industries they have in those areas. What is their recourse?

**Mr Gaddes:** I'd just be repeating the process again. There are no licences granted in the area. At this stage, there is no development. When feasibility licences are granted by the minister there will be an opportunity for the proponents and the community to talk about how to offset, avoid, mitigate those impacts that the community are concerned about.

**Senator HUGHES:** So you don't want it, but the minister has decided that that's the region it's going in, so when we get a feasibility licence going and we've decided who the best person to build them is you can kind of deal with them, maybe at an additional cost, to work out concessions—but that's it; it's going ahead.

**Senator McAllister:** Sorry, Senator Hughes, I think that mischaracterises the evidence that has been provided—

**Senator HUGHES:** It completely encapsulates it and summarises—

**CHAIR:** Let the minister have her say.

**Senator McAllister:** I will remind you that this is a regulatory framework that was designed and brought into the parliament by the previous government, which is now being operationalised—

**Senator HUGHES:** We've also got a minister standing in, and I'm trying to understand this minister's declaration.

**Senator McAllister:** As the minister has indicated and as the officials have previously described to you, there is a series of different steps where community engagement is actively sought. It starts, as Mr Gaddes has described, with the broad declaration of areas, but there is a series of other decisions that also need to be taken, where community input is sought and welcomed. The officials are here to talk a little about how they're approaching those things, which, for the most part, are only just commencing.

**Senator HUGHES:** I appreciate that there's a regulatory framework. It's just apparent that there's a step where the minister just decided, with self-acknowledged poor community consultation and stakeholder engagement, to continue with the declaration.

**Senator McAllister:** Senator Hughes, I think you are misrepresenting the minister's position.

**Senator HUGHES:** We will continue to work with those communities so that, when we get a change of government, we can actually consult them and make sure that they're not railroaded with this project. I'm done.

**CHAIR:** Thank you, Senator Hughes. We may well invite you to come and present to the committee via videoconference to clear up what happens where, how and when. It seems that would really assist our colleagues. We do have one question from Senator Whish-Wilson, but, Minister, did you have something else you wanted to add, or are you okay?

**Senator McAllister:** I'd simply say that Minister Bowen has actively sought to intervene to improve the consultation arrangements around generation and transmission, and the Dyer review was in response to that. Senator Hughes is seeking to conflate these two processes, and I think the minister has worked very hard to—

**Senator HUGHES:** I represent the views of the Hunter and Port Stephens groups who were in my office last week.

**Senator McAllister:** And you're quite welcome to represent those views, Senator Hughes.

**Senator HUGHES:** You didn't go out to the front of Parliament House and have the decency to speak to them.

**CHAIR:** Okay.

**Senator McAllister:** I think, Senator Hughes, what you will find—

**Senator HUGHES:** Go and talk to community groups!

**CHAIR:** Senator Hughes—enough. We will move on now to the question from Senator Whish-Wilson.

**Senator WHISH-WILSON:** I don't have a question. I just wanted to listen to the faux outrage being generated—

**Senator HUGHES:** Faux outrage? You should have been out the front too then.

**Senator WHISH-WILSON:** What, with the 20 people that were out there?

**CHAIR:** Thank you, Senator Hughes.

**Senator WHISH-WILSON:** You deserve an Academy Award for that, Senator Hughes.

**CHAIR:** Thank you very much. That's enough. We will have one question from Senator Cadell before we let these good people leave.



**Senator CADELL:** You said the criteria for a licence includes the local viability of a proposed project. What matrix are we using to assess that, given there isn't a commercial-scale viable floating wind farm anywhere in the world right now?

**Mr Taylor:** We're looking at the proposed work structure—the work that they're looking at undertaking to determine what may or may not be feasible within the area. That is the nature, the scale of activity, the timing of activity and the capabilities of the companies to actually deliver upon those activities.

**Senator CADELL:** Nothing to do with commercial viability?

**Mr Taylor:** We're looking at their ability to undertake activities to determine the commercial viability, as they have not, at this point, been in a position to understand fully what a commercially viable project would look like within those individual areas.

**Senator CADELL:** Okay. Thank you, Chair.

**CHAIR:** Thank you very much for coming. I think we will get you into the committee for a bit of a chat so people can understand exactly how you're operating, which may assist at our next round of estimates in terms of everyone being clear about who is doing what, where and how. I think that will be very valuable. We will now suspend for the dinner break and return with the Clean Energy Regulator. Thank you very much.

### Proceedings suspended from 18:28 to 19:29

#### Clean Energy Regulator

**CHAIR:** Welcome to the Clean Energy Regulator and to Mr David Parker, the Chair. Would you care to make an opening statement?

**Mr Parker:** No, thank you, Chair. We're at your disposal to answer questions.

**CHAIR:** Excellent. Thank you very much, Mr Parker. We will go to Senator Roberts.

**Senator ROBERTS:** Thank you, Chair. First of all, thank you for being here. Can I ask whether you take any responsibility for assessing the cost of trying to run the grid on wind and solar?

**Mr Parker:** No, Senator, we don't do that kind of work. Our job, as defined by statute, is to administer various programs in the climate space, but not that one.

**Senator ROBERTS:** Thank you. Do you do any analysis, measuring or modelling on how much wind and solar actually cost once you include the necessary firming or integration costs, the storage and additional transmission?

**Mr Parker:** No, Senator.

**Senator ROBERTS:** Your job is just to pursue the legislative targets? That's your statutory job?

**Mr Parker:** That's broadly right. It is in an unofficial space somewhat broader than that, because we have insight, if you like, into industry trends and what's going on through our liaison with industry, and we are able to feed those views into the policy process.

**Senator ROBERTS:** When you say, 'trends' what do you mean? They aren't cost trends.

**Mr Parker:** No. We have some information on costs but, as I said, we don't model those. The sorts of information which we look at are developments in the markets for the relevant carbon instruments, the quantity of investment taking place and so forth. We have an insight into that from our on-the-ground work.

**Senator ROBERTS:** You don't raise the alarm bells over whether chasing net zero for the energy grid is practically feasible or how much it's going to cost to get to 2035 with solar and wind powering everything?

**Mr Parker:** No, that's a policy question; we don't get into that.

**Senator ROBERTS:** You don't test AEMO's Integrated System Plan at all—there are so many acronyms aren't there?—to see if it has any flaws? You don't analyse GenCost from CSIRO to see if there are any faulty assumptions?

**Mr Parker:** We're familiar with all of those reports, but it's not our role to critique them, if you like.

**Senator ROBERTS:** As the national regulator for this type of energy, even if it were brought to your attention that there are fundamental flaws in the foundational documents for this whole plan, like the Integrated System Plan or GenCost, you wouldn't or couldn't do anything about it. It's not your responsibility?

**Mr Parker:** It's not our role within our statutory remit to do anything about it.

**Senator ROBERTS:** Thank you, Mr Parker. I only ask, because almost every climate related agency I've ask, whether it's supposedly justifying the mad switch to solar and wind or whether it's actually implementing the

policy says, 'It's not our job to consider the big picture.' I'm not arguing that you're shirking it—I'm not at all. I'm just confirming that you don't do it. We could be driving off a cliff here and everyone is saying, 'It's not my job to think about the cliff, I just drive the car,' because you've been appointed as the driver. Does that terrify you?

**Senator McAllister:** Senator Roberts, you're now—

**Senator ROBERTS:** Does it terrify you, Minister?

**Senator McAllister:** You're now asking the official about his feelings and you're asking me about my feelings. I can explain to you the policy position of the government, the policy arrangements in the government and the responsibilities. The Department of Climate Change, Energy, the Environment and Water is responsible for the broad settings in relation to the energy market. They've been here this morning, answering questions from senators about the approach they take to policy development for the settings for the energy system. There are other institutions, as you've observed, that have either advisory or regulatory roles. The CER is one of them and they're here and able to answer your questions about the task that they've been given under legislation.

**Senator ROBERTS:** Thank you, Minister. Thank you, Mr Parker and your team. Thank you, Chair.

**CHAIR:** Senator Pocock.

**Senator BARBARA POCOCK:** Thank you, Chair, and thanks, folks, for being here. My questions relate to other questions I've asked today in relation to EY and its role as a consultant. We heard earlier today that EY has failed to declare conflicts of interests in relation to its work for the department of climate change. We've got various undertakings around bringing information back to us on that, and also EY contracts with the Climate Change Authority. Of course, any such conflict of interest is unacceptable in a public sector environment, particularly in light of the events that so many Australians have watched unfold over the last year in relation to the misdemeanours of PwC. It's my understanding that the Clean Energy Regulator contracts work to EY. How many current contracts does the Clean Energy Regulator have with EY?

**Mr Parker:** I'll pass over to Mary-Anne Wilson to give you the details of that. But, just in terms of the contextual terms, the contracts that we have with EY are essentially to provide audit services within the ACCU scheme arrangements, where they go out and audit the compliance of those projects with the law and provide that information to us. So that's an important compliance element of that scheme.

**Senator BARBARA POCOCK:** So they're part of the compliance framework for the Clean Energy Regulator?

**Mr Parker:** Correct.

**Ms Wilson:** We have five contracts with EY.

**Senator BARBARA POCOCK:** Could you tell me a little of them, like the value of them and what their purpose is?

**Ms Wilson:** The values vary between \$55,000 and the highest one, which is about \$69,000, and, in total, there is a cost of \$303,572 for the EY contracts. As Mr Parker said, they are for the provision of audit services for the regulator.

**Senator BARBARA POCOCK:** Can you spell out the nature of the auditing that they're doing.

**Ms Wilson:** Sure. They are auditing participants within our schemes under the compliance framework.

**Senator BARBARA POCOCK:** What aspects of the participants' activities are they auditing?

**Mr Williamson:** I might be able to assist. Under the national greenhouse and energy regulations, there's an auditor framework which applies to, as Mr Parker says, the ACCU scheme, to reporters under the National Greenhouse and Energy Reporting scheme and to those who are captured by the safeguard arrangements. Part of the overall arrangements that we—there are multiple types of audits. For example, in the ACCU scheme, project proponents have to engage their own auditor from time to time as required, and those reports come to us, but we also undertake our own independent audit. So we commission those, we choose the audit firm off of a panel and we set the terms of reference for those audits and pay for them. Some of those are random, to give us an overall idea of any issues, and some are targeted where we believe there may be a compliance issue.

For some of the other questions, I might just explain a little bit more. The actual auditors themselves are registered by us. They have to have 1,000 hours of proof of doing audits. There are a whole range of criteria set out in Commonwealth law, and there are conflict of interest requirements in there. It's the auditors who are registered, not the firm they happen to work for. So there are a range of controls in place to make sure they have an obligation to avoid conflicts of interest, and, if there is one, they're to notify us of it. We have removed auditors who we believe have not performed properly in the past. There are a range of things there. Also, because we're

registering them and not the company they work for, there's a healthy tension there that, if they're asked to do anything improper by their employer, they would be able to say: 'Look, I can't do that. I will effectively lose my registration and I can't work.' So there are a whole range of controls set out there. I can also say that currently EY is not on the panel of auditors we're using. The contracts Mary-Anne Wilson referred to were previous ones, and the panel of auditors we use is quite diverse in nature.

**Senator BARBARA POCOCK:** Thank you for that, Mr Williamson. Can I go back to your answer, Ms Wilson. In terms of the \$303,572 that are current contracts held by EY, you said they were related to auditing.

**Ms Wilson:** Correct.

**Senator BARBARA POCOCK:** Can you spell that out. Am I correct in understanding it's distinct from the register of individual auditors?

**Ms Wilson:** No, it is covered under the registered individuals. It's just that the panel that we use for registered auditors is refreshed annually, and it was refreshed in December. From that refreshing of the panel, EY is not a panel member that is currently able to be selected for future audits. Last year they were on the panel, so earlier in the financial year they had conducted audits for us.

**Senator BARBARA POCOCK:** Are you saying to me that all of your contracts with EY are concluded and there are no further payments or obligations, no program work that EY are completing?

**Ms Wilson:** I would need to take that on notice as to whether each of those contracts have, indeed, concluded.

We'll need to take that on notice because it could be some of the audits they were doing when they were on the panel have not yet fully concluded, so there could be some payments. Going to where I think you were going before, it's the individuals who have to prove their capability and be registered, but those individuals then work for various firms. EY is one, but there are quite a few others. So when those companies bid to go onto the panel, they put forward the people in their employment who are auditors registered by us. They put forward their capability to do the work and the pricing for that work.

**Senator BARBARA POCOCK:** So why did EY have more than \$300,000 worth of contracts over the financial year to December last year, and now they have none? What has caused that decision to be made?

**Mr Williamson:** My understanding is that they didn't apply to be on our panel this time around. I don't know why that is.

**Senator BARBARA POCOCK:** So there was no application by EY to participate in the Clean Energy Regulator's panel of auditors?

**Mr Williamson:** That's correct—for the work that we commissioned.

**Senator BARBARA POCOCK:** Forward-looking work?

**Mr Williamson:** Those auditors with EY could very well be doing other audits, and I'm sure they are for the ACCU scheme and for project proponents who have to commission their own audits, but they did not apply this time around to be on our panel.

**Senator BARBARA POCOCK:** I'm sure you're aware, from EY's transparency report, that their current client list includes—and has for some time—Origin Energy, Santos, Beach Energy, BHP, BlueScope Steel and Brickworks. These companies also have facilities covered by the safeguard mechanism and use carbon offsets to meet their voluntary climate targets and obligations. If you reflect back over the last financial year, when EY has held contracts for you as an auditor, how has the conflict of interest that is very clear here—a perceived or, potentially, an actual conflict of interest—been managed by your authority?

**Mr Parker:** It's a good question. The kind of work that we have commissioned auditors to undertake in the ACCU arrangements—that is, going out onto country, checking that trees are growing and so forth—is one part of the overall compliance arrangements. In addition to that, we do quite detailed analytical work with geospatial data, imagery, drone footage and so forth. It's not just reliant on what the auditors are telling us. It may have been in the good old days, so to speak, when this scheme was first dreamt up, but that's no longer the case; there are multiple layers of compliance arrangements. That's not to say that we wouldn't worry about any conflict-of-interest arrangements, but I don't think that there is a substantial potential for conflict-of-interest issues, were they to arise, for the individual auditors to be substantially distorting any—

**Senator BARBARA POCOCK:** I don't find your words at all comforting. The country has seen very deceptive practice by the big four in the last year, and you are offering some rather kind words about how you hope it's not happening—

**Mr Parker:** I was not saying that.

**Senator BARBARA POCOCK:** I'm looking for an assurance that you have a process—

**Mr Parker:** What I'm saying is that we have multiple layers of assurance in place, and if an auditor were to provide us with a report—if we were to imagine something that said, 'This is all terrific,' and we looked at it, as we do, and thought, 'That looks a bit strange to us,' then we pursue those issues. As Mr Williamson said, we have previously removed auditors from this scheme because of perceptions by us of poor performance, poor training and poor quality audits.

**Senator BARBARA POCOCK:** How many have you removed in the last two years?

**Mr Parker:** In the last two years? We have to take that on notice.

**Senator BARBARA POCOCK:** Could you identify how many of them were from EY?

**Mr Parker:** Sure.

**Mr Binning:** Senator, I can perhaps help just a little by assuring you that, under the Safeguard Mechanism, we commission an audit, we ensure that that auditor is from a different firm from the firm utilised by the safeguard entity to do their reporting. So they will submit a report to us which has an audit associated with it. We will, from time to time, commission our own independent audits, and there is a process established, I'm advised, to ensure that that audit is fully independent of their own audit trail.

**Senator BARBARA POCOCK:** Has EY itself or any of its officers who are part of your auditory machinery declared any conflicts of interest in the last two years?

**Mr Parker:** I'd have to take that on notice.

**Senator BARBARA POCOCK:** Thank you, and if you could also give us the time at which they declared these conflicts of interest. If someone does have a conflict of interest, identified by you or self-confessed by a person, what is the consequence for them?

**Mr Williamson:** Firstly, they have an obligation to advise that conflict of interest. We would then take a decision as to whether that conflict can be managed or whether we need to get an alternative auditor. As Mr Binning said, when we're procuring it we won't choose an auditor off that panel if the firm has a relationship with the company in the sorts of circumstances that you described. But, as Mr Parker said, we would have to take it on notice the detail of what conflicts of interest may have been reported by EY.

**Senator BARBARA POCOCK:** We have very clear, very large significant interest that EY has through its fossil fuel client base and EY's own membership to their professional bodies, which represent their interests and represent the continued operation of the fossil fuel industries, on the one hand, and on the other here they are in the last financial year to the tune of over \$300,000 operating in the audit system. That is a real worry to me; I am very concerned about that. Did you apply any pressure, have any correspondence or have any exchanges with EY to suggest that they did not apply for continued presence on any of the regulatory auditing processes?

**Mr Williamson:** No, we didn't.

**Senator BARBARA POCOCK:** What is your view of them no longer being part of that particular part of the machinery?

**Mr Williamson:** They made a decision to not apply, and I do not know what the reason for that is. You'd have ask them that.

**Senator BARBARA POCOCK:** Does EY, or has it in the last two years, audit any projects that may be run or owed by the companies that are clients of EY? I've named several. There may be others as well. Any decent conflict of interest process will be testing them against the full range of EY clients. Have you seen any evidence of an audit that may relate to a client of EY?

**Mr Williamson:** There are different types of audits. As I mentioned before, there is sometimes an obligation on the NGER or safeguard entity to commission audits, and sometimes obligation on the project proponents under the ACCU Scheme. Where those audits are being procured by the companies, I'm not sure that we have any control, because they're directly contracting an auditor who happens to be registered with us. So we're not necessarily in control. But, as Mr Binning said, where we're commissioning the audits and paying for that with Commonwealth funds, we make sure that that auditor we're choosing is absolutely independent for that audit.

**Senator BARBARA POCOCK:** And you're confident that you have complete control over that set of linkages?

**Mr Williamson:** Where we are procuring the audit we're doing it as our independent compliance arrangements, so we have total control. Whereas, if you're an ACCU Scheme project proponent and you have an obligation to get an audit on your project, you're going to our list of, from memory, about 60 to 70 registered

auditors—it's not a huge number; it is the individuals who passed the test not the companies—and you would procure someone to do it. That is a commercial arrangement between you and the auditor. But where we are procuring it with Commonwealth money, we absolutely—as Mr Binning said—make sure that we choose someone who will be independent as far as we're concerned and, in particular, will have the skills that we need depending on the type of audit and the issues we're looking for.

**Senator BARBARA POCOCK:** Are you confident in the audits that happen in relation to this scheme. It's an important part of the machinery of carbon reduction across our country. Can you give me an assurance that the integrity of that auditing process, which is outside the direct payment by government, can be relied on and is operating without conflicts of interest of the kind that I've described?

**Mr Williamson:** Where it's the regulated parties obliged under Commonwealth law to get an audit—I don't believe I can give you that assurance today. I think we'd have to take it on notice, as to what checks are actually done around that. But they're procuring it. What I can say is that if you're a safeguard entity doing an audit or if you're an ACCU project proponent doing an audit, that audit will be procured from people registered by us. Our people test the veracity of those audits. We look at those audit reports and we look at our own view of compliance. So we as the regulator take an independent view. But I don't think we can say—given they've been procured not by us but by those other parties—that those parties don't somehow have other business with those firms; I think some of them would, most likely.

**Senator BARBARA POCOCK:** Is it a matter of concern to you that we don't have oversight into those arrangements which do sign off on outcomes in relation to carbon?

**Mr Williamson:** As I said before, we do our own compliance checks and look at the audits. If we find superficial audits that can't be justified and can't be verified against our own compliance checks, we raise concerns with the auditor. We do go back to those audits that are procured by the companies. Where we find things and where we don't think there's been an adequate audit, we do go back and question the auditor; we challenge it. As Mr Parker said, we do remove them. So there are checks and balances. It's not as if they can just procure someone and it never gets checked; it gets checked by us.

**CHAIR:** Senator Payman?

**Senator PAYMAN:** How many small-scale solar PVs were deployed in 2023?

**Mr Parker:** We can give you the answer to that. The short answer is: a lot.

**Senator PAYMAN:** That's good news.

**Mr Parker:** There were around 3.1 gigawatts in total, I think.

**Mr Williamson:** Yes.

**Mr Parker:** I'm not sure of the precise number of rooftops. We'll see if we can get that answered.

**Mr Williamson:** We can. Last year there were 305,000 rooftop solar PV systems added. The average sized system keeps on increasing each year. I think the average sized system last year was about 9.8 kilowatts. As Mr Parker said, there was a total of 3.1 gigawatts. That was up on the previous year, 2022, when 2.8 gigawatts were added. So the 3.1 last year was just a tiny bit short of the record year, which was a pandemic induced record when home improvements boomed. But, certainly, the trend seems up at this stage. So, barring anything going wrong, there is a chance that this year will become another record year.

**Senator PAYMAN:** Am I correct in saying that we're seeing increasing numbers of people installing batteries as well?

**Mr Williamson:** Yes. We track that voluntarily. We can't require that data because they're not incentivised under the Small-scale Renewable Energy Scheme. We are seeing a trend up, but it's off a fairly low base. In 2023, 7.8 per cent of those 305,000 installations voluntarily reported having a battery. The previous year, it was seven per cent. It's gradually trending up, but ideally it would be higher.

**Senator PAYMAN:** Would you be able to share with the committee what may have underpinned this strong growth in the industry?

**Mr Williamson:** There are a number of drivers. Most people want to take control of their own energy bill. There's such a high penetration in rooftop solar in Australia now; we have the highest penetration in the world. Everyone has family and friends who have it, who say, typically, 'This is great, you should get into it.' The payback periods typically average about four years, which is an amazing investment. It shows consumers are very savvy. They're not necessarily looking at that payback period, but most people that get it say, 'This pays itself off pretty quickly.' For others, in addition to those things, they feel as though they are doing their bit for the environment, because they're producing zero-emissions electricity.

**Senator PAYMAN:** Absolutely! I have 20 panels on our roof at home. What integrity checks are done by the Clean Energy Regulator to ensure all requirements for creating certificates are met?

**Mr Williamson:** I will explain the key requirements for certificates. Firstly, the installer who supervises the installation must have been accredited as being capable of installing rooftop solar, as it's a little bit different to other electrical work. Secondly, all of the key components, being the solar panels and the inverter, need to be listed as having been proven to meet Australian standards, and they must have a certificate of electrical safety from the various states or territories. Typically, Commonwealth incentives are only given where state requirements are met, and there are those additional things.

To ensure that those requirements are met, nearly all the claims now—about 85 per cent of the claims of certificates, and it's fairly high volume at 305,000 a year—come through the Solar Panel Validation Initiative. After the installer has scanned the panels on site, they're verified with the validation service as those panels having met the requirements. That has squeezed out a lot of poor-quality panels that have been brought in in the past, and that's a highly automated process. Also, to prove that the installer is on site—for some time we've been requiring that they have proof that they've been on site—these apps, typically on smartphones, are being used by the installer to take a selfie to prove that they are on site.

We also have a compliance database, where the serial numbers of solar panels that come into the country or that are manufactured here have been listed, tested and proven as meeting Australian standards. They all have to be given to us for the compliance database. We automate checks for the 15 or 20 per cent that do not go through that solar panel validation.

We take a lot of enforcement action, both civil and criminal, and we have further matters coming up. We have recently removed the first accredited installer since we got some new powers. He had been claiming he had been onsite, inspecting it, and he actually hadn't. We use a range of enforcement techniques; the various compliance checks, the manual checks, that we do to underpin all of that are actually showing very few problems now. The installers who are doing the wrong thing have either gotten out of the scheme or they've tidied up their act. We are seeing a very high compliance rate with being able to prove they're on site.

**CHAIR:** Senator Cadell.

**Senator CADELL:** You said that disclosing batteries was voluntary and that people didn't have to disclose that. What powers would you need to get, even though it's not funded, to be able to track behind-the-meter storage?

**Mr Williamson:** The Renewable Energy Target is a voluntary scheme and there are Commonwealth incentives. If there were battery incentives, that would require the batteries to be covered by all of the requirements, including needing to disclose it to us to get the incentive. Currently it would be hard, in the architecture of our scheme, to mandate that. That might be a question for the AER, who are up next. Because ours is a voluntary scheme, it would be by applying incentives. But it would be a policy matter for the government as to whether or not there would be incentives for batteries.

**Senator CADELL:** Do the 7.8 per cent that disclose voluntarily—of the 300,000—give you the capacity of every battery, or do they just tell you, 'We've got one'?

**Mr Williamson:** That's a good question. I'd need to take the detail of that on notice. I suspect they would give us the make and model and some details that would disclose the capacity, but we can check that for you.

**Senator CADELL:** Thank you.

**Senator WHISH-WILSON:** I should probably know this, but do you oversee and regulate demand-side energy efficiency measures?

**Mr Williamson:** Yes, we do with some specific ones, like energy efficient hot water. One of the things we're seeing there is a spectacular increase, year on year, in air-source heat pumps. There's a Commonwealth incentive, and there are incentives in New South Wales and Victoria. We've seen an extraordinary increase in New South Wales in particular. We've crosschecked what we're seeing there with industry data from the manufacturers, and in fact there might be an underreporting to us. With solar hot water heaters, last year it was 137,000. That includes the air-source heat pumps. The air-source heat pump part has been growing much faster than the solar hot water systems. Air-source heat pumps are cheaper but still very energy efficient. The increasing average size of rooftop solar systems, plus the uptake of the air-source heat pumps, suggests people are preparing for home electrification and actually doing it as well.

**Senator WHISH-WILSON:** I don't know if you're qualified to answer this, but how much room is there to move on demand-side measures in terms of reducing our emissions? It's often put to me that it's still relatively under-utilised.

**Mr Williamson:** It's a great question. Again, that might be something more for the department. Certainly, with the extraordinary amount of solar during the day, there would be an opportunity to have some of the old electric hot water systems charge up in the middle of the day rather than at night-time. These are typically older units, though, and it takes a little bit of work to configure them to charge at a different time of the day. But there are certainly lots of demand-side opportunities to try to better match demand with the huge supply of solar power during the middle of the day.

**Senator WHISH-WILSON:** Thank you.

**CHAIR:** Thank you so much for your time. We really appreciate it.

### Australian Energy Regulator

[20:03]

**CHAIR:** Welcome to the officers of the Australian Energy Regulator, and welcome to the chair, Ms Clare Savage. Do you have an opening statement you wish to make?

**Ms Savage:** No, I don't.

**CHAIR:** We will go straight to Senator Van.

**Senator VAN:** It's good to see you again, Ms Savage. Thank you for being here tonight. You'll remember that at last estimates I had some questions on the transparency and accountability of AEMO. I've got some similar questions for you tonight. For those following along at home, I'll just explain the alphabet soup that we'll be diving into. AEMO is the market and system operator. The AEMC, Australian Energy Market Commission, is the rule-making body, and the AER, the Australian Energy Regulator, is the enforcement body. Am I on the money with all those three?

**Ms Savage:** You are. We do market monitoring, compliance and enforcement, and we're also the economic regulator of the monopoly infrastructure.

**Senator VAN:** Thank you for confirming that. I'm concerned that AEMO have broken the National Electricity Rules and the AER have waved that through and let that occur on two separate occasions. Are you aware of those two occasions?

**Ms Savage:** I think you'd have to tell me what rules you think they've broken.

**Senator VAN:** Sorry. It would be rule 5.22.15(c), where it says:

AEMO must consult on the new information and the impact on the optimal development path under the Integrated System Plan, in accordance with the consultation requirements set out in the Forecasting Best Practice Guidelines for an ISP update.

**Ms Savage:** I am aware of that, thank you. My understanding is that there was a letter to the Australian Energy Regulator twice—so once in 2021 and again in 2023—where there was a requirement for the Australian Energy Market Operator to update the ISP in order to undertake what's called a feedback loop assessment. A feedback loop assessment is, when there's a large actionable integrated system planning project—so a large transmission project—the cost of that project, when it's ready to come to us for approval, has to be assessed by AEMO to make sure that it's still within the optimal development pathway.

Now, the consultation requirements for an ISP update are actually less than the consultation requirements for the ISP itself, and so, in developing a draft integrated system plan, AEMO has to develop the inputs, assumptions and scenarios report, along with some of their methodology documents, and that goes through quite extensive consultation. On both of those occasions, in 2021 and again in 2023, AEMO was about to release the draft ISP, and the consultation that they'd undertaken for that draft ISP was more than what they would have been required to do for an ISP update. In both of those occasions they wrote to us and said, 'Look, we think that consultation process has been done,' and we wrote back and said, 'Yes, we acknowledge that you have done that consultation process,' because to do it again would have been the same process, essentially, but duplicative. And it is within our right to do that under the law, and it is our guidelines that they would be needing to comply with.

**Senator VAN:** But the difference between the draft ISP, or final ISP, and the IASR is that the IASR is modelling and consulting on inputs into the system, whereas the ISP is about the output, what the optimal development path is. They are two completely different things. By waving through the rule where it says 'AEMO must consult,' you're not letting consumers or any other market participants have any input on what the output of it is. Yes, they've done some consultation on the input, but that's a lot different to the output.

**Ms Savage:** My understanding—and Ms Jolly might want to add to this—is that the consultation that's undertaken in the context of the draft ISP and in an ISP update would be on those inputs, assumptions, scenarios and the methodology because what they're testing is whether or not, in an ISP update, the project continues to be consistent with the optimal development pathway. And how you would determine that would be through those inputs and assumptions. But did you want to add to that, Ms Jolly?

**Ms Jolly:** I think that's correct. Essentially, when going through that feedback loop process that the projects are trying to go through, they need to have reference to the most recent ISP, or the ISP update, and AEMO are testing whether the project still addresses the relevant need in that optimal development pathway—the IASR report is directly going to that question—and whether the cost of the project still aligns with the best way to meet that need. So all of those processes essentially are coming to that same point.

**Senator VAN:** I'll just pick one example: explain to me how HumeLink had a blowout in budget of over \$1 billion. Is that correct?

**Ms Savage:** The current estimate for HumeLink is \$4.9 billion, that's correct. Its original cost estimate was \$3.3 billion or something. It has certainly increased in cost.

**Senator VAN:** To be on the optimal development path and to be at a reasonable cost—and I should pause at this point and point out to those following at home that they're the ones who will be paying that \$4.9 billion at the end of the day when you regulate that as part of Transgrid's regulated asset base. This is no small thing; this affects customers all the time. As we heard earlier, some of this funding is coming from the CEFC—seeding some of this money. We're talking about huge sums of money here that people have been denied a chance to have their say on. The draft 2024 ISP not only puts in that new cost but somehow the net market benefit of that went up by, let's guess, the same billion dollars. How can you not let people comment when things like that are sliding through?

**Ms Savage:** Just to be clear for the people who are following along—and I hope for their sake they've got something better to do tonight!—I think the difference is that in an ISP update, for example, they're not consulting on the project; they're actually consulting on the costs, inputs and assumptions that go into determining the optimal development pathway.

**Senator VAN:** But they're also consulting on the optimal development pathway.

**Ms Savage:** But not on the project. It's not the consumers, because the way in which you would consult on the project itself is through the regulated investment test process. That's a separate process to this one we're discussing. By the time you get a feedback loop assessment there has already been a multiyear regulatory investment test process where there has been a project assessment draft report and a project assessment conclusion report, and there have been multiple stages of consultation with consumers. That's the point at which that consumer input is taken. Then, in the ISP context, there's a consumer reference group that AEMO uses. But that consultation is focused on inputs, assumptions, scenarios and methodology. That would have been an identical and, actually, more comprehensive process through the draft ISP than you would have seen through an ISP update.

All we were doing was acknowledging AEMO's comment saying that to do the process twice, at the same time, would be duplication. If they were doing it a year apart—if they'd done that in the off-cycle of the ISP—absolutely they'd need to do it. But doing the same process twice, at the same time, we consider to be duplicative.

**Senator VAN:** It's not. They're consulting on different things, and that's the—

**Ms Savage:** That's not our view.

**Senator VAN:** The rules still say 'must consult'. That consumer reference group didn't get consulted.

**Ms Savage:** They did via the consultation that was done on the inputs, assumptions and scenario report, and the ISP methodology.

**Senator VAN:** In both your letters, in 2021 and 2023, you said that AEMO must notify stakeholders as well.

**Ms Savage:** Yes, that's right.

**Senator VAN:** Do you know for sure whether they did that or not?

**Ms Savage:** I'll ask Ms Jolly if we know that.

**Ms Jolly:** They made a publication on their website to notify stakeholders of that.

**Senator VAN:** That satisfies you as notification?

**Ms Savage:** Yes, if they've notified on their website.



**Senator VAN:** Again, I find AEMO opaque. There's a lack of accountability. I asked the minister at the last estimates, 'Are there any plans to make AEMO more accountable and bring them here before the Senate Estimates process?' If they were less opaque, they'd be seeking to be more accountable. Yet they're just continuing to be opaque, hiding behind things, and I find the AER not holding them more to account is concerning.

**Ms Savage:** You might have also seen that we just issued a transparency report into the Integrated System Plan—the draft one—and we called out about four or five areas where we thought AEMO needed to do more work to increase transparency in the Integrated System Plan. Did you want me to take you through those, or are you familiar with that?

**Senator VAN:** I'm familiar with the fact that they occurred, but I'll leave it there. I'll follow the chair's wishes and hand back the call.

**CHAIR:** Senator Roberts.

**Senator ROBERTS:** Thank you for appearing again today. I have a question about the emergency backstop mechanism from the Queensland government's Department of Energy and Climate. It's implemented in Queensland and it allows the government to turn off people's solar panels at will. A lot of people in Queensland were shocked when the government reached into their homes and controlled their air conditioning units 170,000 times in the last two months. Now we're finding out the government can turn off people's solar panels as well. I don't understand why the panels on someone's house would have to be remotely cut off, even for self-consumption. As the regulator, do you have any data on how many of these generation signalling devices have been installed in Queensland under this emergency backstop mechanism and how many are installed nationally?

**Ms Savage:** Is your question about smart inverters?

**Senator ROBERTS:** It's about smart meters that are cutting off air conditioning units and cutting off solar panels.

**Ms Savage:** There is a backstop mechanism that's been put in place through the Energy and Climate Change Ministerial Council, which I don't know if the department wishes to comment on. Essentially, it's to avoid situations of what they call minimum demand, where you might have—

**Senator ROBERTS:** Minimal demand?

**Ms Savage:** Minimum demand problems. It's where in system operation you might have so much solar in the system—

**Senator ROBERTS:** Like the middle of the day.

**Ms Savage:** That's right. South Australia is where it's been most acute. You might have so much that you can't keep a stable minimum generation load in place. Solar is turned off during those emergency situations to ensure that you can keep that minimum stable generation load. I'm not aware of the figures that you've just quoted around the number of times it's been done in Queensland, so I'll look to my colleagues, Ms Jolly or Mr Duggan, to see if they can assist.

**Mr Duggan:** I was going to ask if you could give us a sense of where those figures came from, Senator, because I hadn't heard them before.

**Senator ROBERTS:** I can get back to you on that. It was widely reported in the press last week.

**Ms Savage:** It's not consistent with my understanding, so I think we'd need to see the figures.

**Senator ROBERTS:** Okay. We'll get them to you. Under the National Electricity Rules, what remedy or compensation is available to a homeowner if their solar panels are turned off remotely and they suffer some kind of damage because of that?

**Ms Savage:** Again, it's not an area of the AER's responsibility. I'm not sure whether there are compensation payments in place—I don't think there are.

**Mr Duggan:** I think having access to the information that you've got would help us out enormously, but, to me, the direction of the question is more one that goes to AEMO's management of the grid. I suspect they would be operating that part of the system. If we can get the information from you, we'll endeavour to work with those—

**Senator ROBERTS:** Doesn't the Australian Energy Regulator oversee the whole lot?

**Ms Savage:** Yes, but not necessarily the way in which the system is operated, and that's a system operation question. We make sure people comply with the rules. One of the things the Australian Energy Regulator is doing is working with the network companies to do what's called flexible export limits. This is to ensure that you have a greater opportunity to optimise the solar system across the whole grid so that we're not seeing solar panels being turned off unnecessarily. Did you want to add anything, Mr Cox?

**Mr Cox:** No. I think that's basically right. At the moment, solar panels, as you mentioned, are turned off to preserve the stability of the grid. It's a fairly rigid arrangement. Perhaps a more flexible arrangement would allow people to export more frequently at times that are convenient to them, and that's something we're exploring with the various network businesses.

**Senator ROBERTS:** You used the word 'acute' and talk about ensuring a stable minimum generation load. These things—solar and wind—have introduced a hell of a lot of management issues, which adds costs and risk to the system.

**Ms Savage:** I think they add cost and risk at times through the day, but they're also at times free. From that perspective, we see a lot of negative prices—in South Australia and Queensland, in particular—through the middle of the day, which lowers overall average prices of the system, but at other times of the day there are costs to manage the system. Ms Jolly has just reminded me that we do have the export services network performance report, which looks at how the networks are and how much solar energy is being exported into the grid. That report might be useful to you too.

**Senator ROBERTS:** Okay. Could you send us that, please.

**Ms Savage:** Yes.

**Senator ROBERTS:** You may not be able to answer this question, but you're the overseer. How many air conditioners have been installed with remote demand management systems under the PeakSmart program in Queensland?

**Ms Savage:** I wouldn't have access to that data.

**Senator ROBERTS:** Would you be able to get it on notice?

**Ms Savage:** I don't think we would have that as an agency; that sounds like a Queensland government program.

**Senator ROBERTS:** But you're overseeing the national.

**Ms Savage:** We oversee the bits that are within the national electricity law and rules. State based programs usually are done through state based legislation.

**Senator ROBERTS:** So they can operate independently?

**Ms Savage:** If the states have their own legislation, there will be elements that will operate through that.

**Senator ROBERTS:** Are you concerned that there seems to be increasing control over people's use of electricity and access to electricity?

**Ms Savage:** In Queensland there has been direct load control of air conditioners and pool pumps for a very long time, for more than 20 years. From that perspective, it is not a new thing in Queensland; it has always been a part of the system operation in Queensland.

**Senator ROBERTS:** What about other states? Is it increasing?

**Ms Savage:** We would have to look at the numbers. I don't have the numbers in front of me.

**Senator ROBERTS:** Could you get them on notice, please.

**Ms Savage:** Ms Jolly, would we have those numbers?

**Ms Jolly:** I'm not sure. They may come from the distributors who run those programs autonomously.

**Senator ROBERTS:** Do you how many smart meters have been installed in Queensland?

**Ms Savage:** I probably know how many smart meters there are in Queensland. We are at about 47 per cent in Queensland. Is that right? We'd have to take that on notice.

**Senator ROBERTS:** If you could, please. Forty-seven per cent of households have smart metres?

**Ms Savage:** We looked at this last week, so I'm trying to remember what the answer to that is. But I think that we're heading into that territory in most of the jurisdictions now—up towards the high 40 per cents.

**Senator ROBERTS:** Is there anything in the National Electricity Rules that enshrines the right of a customer to refuse a smart meter? At the moment many of the programs have opt-out clauses, but my question is whether there is anything in the Electricity Rules that will stop an electricity company if they decide to try to force someone to take a smart meter, to make it mandatory.

**Ms Savage:** I think I'll need take that on notice as well.

**Senator ROBERTS:** It seems like there is increasing power over people's use of electricity. I'll just ask a few questions; you may not be able to answer these. It is about the emergency backstop mechanism website. The

government says that the emergency backstop mechanism 'is an important step in supporting Queensland's transition to a more coordinated electricity system'. Is the electricity system becoming more coordinated, controlled?

**Senator McAllister:** Senator Roberts, we've canvassed this a few times over the course of the day. It's very difficult for officials to answer questions about documents when we don't know the provenance of the documents or the dates they were published or we don't have the document in front of us. Are you able to table that or perhaps provide us with a web link?

**Senator ROBERTS:** Sure. It was a website, last updated 12 December 2023, from the Department of Energy and Climate in the Queensland government.

**Senator McAllister:** I see. So it's a Queensland government—

**Senator ROBERTS:** Yes.

**Senator McAllister:** I'm not sure that the Commonwealth government can answer questions about Queensland government programs. The AER may have information for you, but there are limits on what we can discuss in this forum.

**Senator ROBERTS:** I understand that, Minister. I'm just looking at what the Queensland government is saying about the 'more coordinated electricity system' and I thought that that might come under the Australian Energy Regulator.

**Ms Savage:** I would probably say that an electricity system must be coordinated—it has always been coordinated—because you have to have instantaneous meeting of supply and demand. That's why you have a system operator to make sure that you've got generation resources available when people demand it. That level of coordination is fundamental to ensuring that we can keep a stable voltage waveform in the system. The physics of that demands it. To answer your question, it has always been a coordinated system and it will need to remain a coordinated system.

**Senator ROBERTS:** It says it's becoming 'more coordinated'.

**CHAIR:** On this notion of the national energy grid and the role of the states, I think what we're probably tripping over here is the situation where there is a national plan and the states each have a set of responsibilities. How they then roll out those responsibilities is sometimes done in the state and not necessarily part of the purview of—

**Senator ROBERTS:** I understand that. I'm trying to find out whether or not you have any role in that or any information about that.

**Ms Savage:** I'm happy to try and answer your questions. They're just not necessarily directly in my patch, but I'll help you however I can.

**Senator ROBERTS:** That's about all I had. You've already answered the last one I had.

**Senator CADELL:** Going to some of the AEMO rules and consultations especially, in June last year you gave a speech at Australian Energy Week. It was entitled 'Protecting consumers through the energy transition', and I have a couple of quotes:

Yet too often we find that consumers have not enjoyed the protections to which they are entitled.

Were you thinking of any particular areas about protections for the consumers, or was it a general comment?

**Ms Savage:** It was a general statement, but I think, at the time, what we were concerned about—and what we remain concerned about—was ensuring, particularly in the retail market, that consumers were getting the protection that they were owed from their retailers. If you're a customer, for example, who's experiencing vulnerability, it's about making sure that you're being proactively engaged with. If you've skipped a couple of electricity bills, there's an obligation on a retailer to reach out to make sure that you have access to payment plans and hardship programs. There are obligations around ensuring that people have the capacity to pay if they're offering a payment plan. At the time, we had, I think, five compliance and enforcement priorities that we were announcing. The statement was talking about all of them, but in particular it was about making sure that retailers were giving consumers the protections to which they were entitled.

**Senator CADELL:** So it was on the retail side, not on the consultation side—about projects or anything like that.

**Ms Savage:** It wasn't particularly referring to that.

**Senator CADELL:** No problem. In the same speech you quoted the Hayne royal commission into banking. The quote was:

Compliance with the law is not a matter of choice. The law is ... coercive and its coercive character can be neither hidden nor ignored. Negotiation and persuasion, without enforcement, all too readily leads to the perception that compliance is voluntary. It is not.

How does that quote relate to the energy sector? Given the option and the wave through of the rules of the AEMO thing, how can we be talking about enforcement and coercion being strong, yet still do wave throughs?

**Ms Savage:** I think, from our perspective, there is always the opportunity—and the law and the rules give us the ability to do this. When we're talking about the approach we took with AEMO, that was not actually the law or the rules per se. It was our guidelines. So these are our own guidelines, and there's always a practicality element. I would say to you that, when you're looking at a range of activities in the market, you're looking at the level of harm, you're looking at the nature of the breach and the organisation that's involved and you're trying to ensure that you're sending a general deterrence message, a specific deterrence message. So there's quite a range of compliance and enforcement factors that we consider when we look at the question of a potential breach.

In the case that's being referred to here: (a) we've not formed a view that there has been a breach. We would have to do an investigation. We'd have to look at it and substantiate it. There's a bunch of stuff that you'd need to do, like get legal advice—

**Senator CADELL:** Is that happening? Are you looking at it?

**Ms Savage:** We've gone back to AEMO and said that we believe that to have undertaken the same consultation process at the same time would be duplicative and inefficient, and we have the right to do that under the law.

**Senator CADELL:** You have the right to do that, but, in sitting behind you, Mr Andrew Dyer's consultation process says 92 per cent of people are unsatisfied with the consultation. Isn't less consultation bad?

**Ms Savage:** No. That consultation is critical, but that consultation happens through the regulatory investment test process, not through a feedback loop process. The feedback loop consultation occurred—I would be very concerned if the feedback loop consultation process hadn't occurred—but we were satisfied that ostensibly exactly the same and, in fact, more detailed consultation was done than what is required in an ISP update. I'm sure you would expect us as a taxpayer to make sure that we were not duplicating consultation for consultation. So that was a higher standard than would have been applied in an ISP update.

**Senator CADELL:** Going back—ancient history—to 10 May 2021, AER had a meeting with AEMO specifically to discuss what you're talking about—the feedback loop. The agenda was to discuss how to ensure the feedback loop assessments could be made within the existing rules and guidelines, yet, after that, in another meeting on 10 June and another on 20 July and in a number of email exchanges—including 6 August and 20 August—you ended up writing a letter to the CEO of AEMO saying that you accepted their arguments as to why that rule we were talking about should not be enforced. That was a rule not a guideline, wasn't it?

**Ms Savage:** I don't think we said that the rule should not be enforced in the letter. I think what we said was that we agreed with their view that the consultation would be undertaken.

**Senator CADELL:** So was there confirmation in writing that no action would be taken in respect to any noncompliance?

**Ms Savage:** I'm going to ask you who was in the meeting, because I have no idea what you're talking about.

**Senator CADELL:** I've got a letter from the AER to AEMO that says—that is, confirmation in writing—that no action will be taken in respect of any noncompliance.

**Senator McAllister:** Senator Cadell, I realise this is challenging, but I think that—

**Senator CADELL:** The letter is from 20 August.

**CHAIR:** Can I just hear the point that the minister is making.

**Senator McAllister:** As a point of order, it is reasonable for witnesses who are being asked to respond to a particular document to either have a copy of that document or for it to be one that would ordinarily be expected to be here at the committee. If you want to refer to a question on notice, we are of course prepared to discuss answers to questions on notice, but it's not reasonable to expect that officials can provide answers in response to any document that was ever created by anyone over the last four years. That's not a reasonable way of asking for information from the department.

**Senator CADELL:** I would think a milestone letter from the AER to the CEO of AEMO saying that no action would be taken in response to noncompliance—I don't think that would happen every day.

**Senator McAllister:** Could you just table it.

**Ms Savage:** Did you say it was on 24 August?

**Senator CADELL:** On 20 August.

**CHAIR:** With the three of you speaking at once, it's very difficult to understand what's going on. You have a letter? You have the date reference?

**Senator CADELL:** I was just asked for that date reference and I just gave that date reference.

**Ms Savage:** Was it signed by me or our CEO?

**Senator CADELL:** I find it difficult to believe such a letter can come from an organisation, given that, in the same speech, where you're talking about how the law is coercive and how its coercive character can neither be hidden or ignored—doesn't 'no enforcement' effectively mean don't worry about it?

**Ms Savage:** I just want to see a copy of the letter, if that's okay.

**Senator CADELL:** I'll take it on notice. How about I take it on notice?

**Ms Savage:** My recollection is it says something different—

**CHAIR:** I'm sure that they send a significant number of letters. Just to be clear, nobody wants to mislead you. Nobody wants anybody to give any false information, so without having the exact letter—

**Senator CADELL:** You're all out to get me!

**Ms Savage:** I think you know that I'm not.

**Senator CADELL:** My concern is we have different levels of consultation, and there is a mistrust of consultation on energy infrastructure and processes by the public. This is a general statement. How can we build trust in the public when we potentially wave through—depending on the answer to the question on notice—this potential noncompliance with guidelines or rules and say it's all okay?

**Ms Savage:** I guess what I'm objecting to here is—we took a view that, in terms of the processes that had happened for the ISP update and the draft ISP, the draft ISP required more consultation than the ISP update and consultation of exactly the same nature. We took a decision that, because they happened to occur at the same time, it would have been duplicative to do it twice. And it is our right to do that. Now, if that had not happened, if they had not been happening at the same time, we absolutely would have required AEMO to do the consultation.

We're not trying to avoid consultation. It is our job to shine a light on these things. It is our job to ensure that AEMO is transparent. If we were wanting to just scoot all this stuff under the carpet, we would not have put out an ISP transparency report on the draft ISP that calls into question the scenarios that were used for the sensitivity analysis, that looks at the way in which consumer energy resources have been modelled, that looks at the jurisdictional policies for renewable energy zones, that looks at the firming and storage that exists in the RES and that looks at system security remediation costs.

We are here to make sure that consumers are protected—that's our job—and we're here to make sure there are good consultation processes. In the two instances in which you're talking about, they would have been exactly the same process at exactly the same time, and it would have been duplicative and inefficient.

**Mr Cox:** Perhaps I'll just add a couple of points, if I could. I think Ms Savage made the point that there are a number of processes here. It's not just the ISP; it's also the RIT-T process. There's a requirement for the RIT-T to be reconsidered if there's material change in circumstances. Ultimately, what matters is what consumers have to pay as projects get into our determination process. At all of those stages, there is substantial consultation. So I think the public can derive some comfort from the very thorough and progressive nature of the processes we run.

**Senator CADELL:** The review would say that that's not enough comfort. I'll go for the more modern situation here. Out of the two documents we're talking about here, the IASR and the methodology—you're saying the consultation process was sufficient—which contained the optimal development path?

**Ms Savage:** The optimal development path is in the draft ISP, but that's not what—

**Senator CADELL:** It's not in either of those two documents though, is it?

**Ms Savage:** But, when you go through an ISP update, the consultation that would occur to deliver an ISP update is not on the optimal development pathway either. It is on the input scenarios and assumptions and the methodology.

**Senator CADELL:** But which projects are listed as actionable out of those? Going back, the actionable projects in the feedback loop are the key things it goes through. Is there any change as to the actionable projects that have to go through that at that higher bar on the feedback loop?

**Ms Savage:** No, because, essentially, when that consultation is done—let's take HumeLink as an example because that's the one you're interested in. It went through this process when it made it into the ISP in the first place. So there was the consultation that was done through the *Inputs, assumptions and scenarios report*, the methodologies, the draft ISP and then the final one. It then becomes an actionable project. It then goes through the regulated investment test, as my colleague Mr Cox said. So then it goes through the initial assessment. It goes through the project assessment draft report. It then goes through the project assessment conclusions report. It then, after all of those consultation steps, goes through a feedback loop, and that feedback loop is simply testing the cost. That's its entire purpose. It's not engaging with consumers as to whether it's the right project or not at that point. It's just testing the cost, which is why the consultation that had been done as part of the draft ISP was adequate and duplicative to what was happening with the draft ISP. That's why we got to that point.

**Senator CADELL:** I'm having some difficulty with 'actionable'. If we go through the modelling produced by the ISR and the methodology on HumeLink, the 2020 ISP suggested the optimal timing for VNI West was 2035-36. That is far away from being actionable today. However, in the 2020 final ISP, VNI West was listed as actionable. How does that happen?

**Ms Savage:** That is the process, obviously, that AEMO is going through. But that process wouldn't happen in a feedback loop. That's what I'm trying to distinguish. A feedback loop is only testing cost. It's not testing whether it's actionable.

**Senator CADELL:** But AEMO argued it varied the optimal development path on that project, didn't they?

**Ms Savage:** Between the draft and final ISP?

**Senator CADELL:** Yes.

**Ms Savage:** But how does that relate to the HumeLink feedback loop?

**Senator CADELL:** That's what I'm trying to understand—how the actionable thing changed.

**Ms Savage:** So we're not talking about HumeLink anymore. We're talking about VNI West.

**Senator CADELL:** Yes.

**Ms Savage:** So you're asking how it changed from being non-actionable in the draft to actionable in the final one.

**Senator CADELL:** Yes.

**Ms Savage:** In the 2020 Integrated System Plan?

**Senator CADELL:** Yes.

**Ms Savage:** I think I'd have to take that on notice because I can't really—

**Senator CADELL:** This is a massive jump from 2035-36 to actionable: 'Let's get out there and have a crack.'

**Ms Savage:** From memory it related to a change in the Victorian government policy around the Renewable Energy Target, which brought forward the timing of the VNI West. That's my memory of it, but we'd have to take that on notice.

**Senator CADELL:** That's where I was going to go on that. A further question on notice—I'm not saying now—is: how does stakeholder consultation go with such a massive difference in time frame and deliverables? That's a real key for me there.

**Ms Savage:** I'd also say the ISP has been refined each time it's gone. We're now into the third version of the ISP. The rules tightened between the 2020 ISP and the 2022 ISP.

**Senator CADELL:** Right. If anyone has got questions on this thing, I'd like to think for two minutes. If not, I'll wander on a little.

**CHAIR:** No, it's all or nothing. Say it now or move on forever!

**Senator CADELL:** I will put some other questions on notice.

**CHAIR:** Excellent. That's good to hear. Thank you so much for your time. We do appreciate it. As always, as a committee, we're sorry for our time keeping and we will let you go.

[20:42]

**CHAIR:** Welcome to officers from the department for outcome 2, program 2.1. Senator McKim.

**Senator McKIM:** Good evening, and thanks for coming in. I've got some questions around progress, or lack thereof, in regard to the proposal to put a standing camp on Halls Island in Lake Malbena inside the Tasmanian Wilderness World Heritage Area. My and the community's understanding in terms of where we're at there is that a

decision was made on 13 November last year to request further information from the proponent, Mr Hackett. Has the department received any further information from Mr Hackett since that decision was made?

**Mr Edwards:** You're correct, we requested some additional information from the proponent. I think it was in relation to Indigenous heritage impacts. To my knowledge we haven't received that information yet. We're working with the proponent to receive that.

**Senator McKIM:** Alright. The proponent hasn't informed you of who the suitably qualified person is that the proponent intends to engage to prepare the Aboriginal Cultural Heritage Assessment Report?

**Mr Edwards:** I don't believe so, no.

**Senator McKIM:** Okay. Nor has the proponent informed you which Tasmanian Aboriginal communities the proponent intends to consult with and how the consultation will be consistent with the department's guidelines?

**Mr Edwards:** No.

**Senator McKIM:** And the proponent hasn't informed you of any likely time frame for completing the aboriginal cultural heritage assessment report.

**Mr Edwards:** No, we don't have a time frame update.

**Senator McKIM:** In fact, you've received nothing from the proponent since then. Will the public be given the opportunity to provide comment on the proponent's completed aboriginal cultural heritage assessment report?

**Mr Edwards:** The public consultation period has occurred for this assessment, so we don't envisage another consultation period for that small component. We asked them to refresh their own thing, and we'll have a look and assess what we have. If we do think it's something that needs to go through another engagement process, we can look at it at that point, but it's not a standard part of the process at that stage of the assessment.

**Senator McKIM:** But that aboriginal cultural heritage assessment report hasn't yet been completed, has it?

**Mr Edwards:** Not that we are aware of.

**Senator McKIM:** It's a bit hard to consult people on it if it hasn't been completed, isn't it?

**Mr Edwards:** I'm just trying to clarify that it's not standard process at this stage to consult, but we would look at it if we needed to.

**Senator McKIM:** What steps, if any, is the department taking to ensure that the proponent is actually making progress in undertaking that assessment report?

**Mr Edwards:** That's really up to the proponent. They've got an active assessment that we'd assume they'd like to see to completion. Really, that's the piece of material they need to provide to us to support that process.

**Senator McKIM:** Last year a bunch of extra information was requested from the proponent. We are, what, three or four months down the track and none of that information has been provided. Has the proponent been in contact at all since that decision was made on 13 November last year to request additional information?

**Mr Edwards:** I'll ask my colleague Ms Short to answer that.

**Ms Short:** Yes, the proponent has been engaging with my team with regard to that information request.

**Senator McKIM:** What's the progress on providing that information? Are you able to update the committee on that?

**Ms Short:** I have nothing further to add to what Mr Edwards said.

**Senator McKIM:** Mr Hackett has been in touch and has been engaging, but you're unable to provide a progress report.

**Ms Short:** That's correct.

**Senator McKIM:** Is the department satisfied with the progress?

**Mr Edwards:** Again, proponents stop and pause and go forward at different times at their own cadence. So we stand ready to receipt anything they've provided. Otherwise, I don't have a view around that.

**Senator McKIM:** Are there any statutory time frames in play here?

**Mr Edwards:** What we've said is that we've recommenced time frames 30 days after receipt of appropriate material.

**Senator McKIM:** But, if the proponent doesn't provide information, it becomes like a zombie project, does it? It just sits on the books and doesn't progress, and conservationists are worried, stressed out and running a campaign against the proposal. Then what—nothing happens and then nothing happens and then nothing

happens? At some stage, surely, don't the adults need to come to a position that, actually, this isn't a realistic proposal and, therefore, shouldn't go forward, or does it sit on the books for decades?

**Mr Edwards:** We have a number of projects that can stall at different times for different reasons, and, again, we'll stand ready to assess those projects when we're given the material. But it's really up to a proponent. They have options—they can withdraw projects or they can provide them information we've provided—but, again, it's in the proponent's gift to progress that work.

**Senator McKIM:** But, if the proponent fails to provide information and fails to withdraw the project, does it just sit on the books forever? Is that what happens—there are no statutory time frames ticking, because you've said the clock won't start ticking again until the information is provided?

**Mr Edwards:** They can sit there for a long time. There's an option to lapse projects where, after a long period of time, there has been no action. We're talking about, sometimes, years. We do get projects that sit there for years, and we consult with the proponent before taking such a measure. Quite often, that does mean that people either decide to withdraw or provide information to progress the project. Again, if something has been sitting for a couple of years, we might take that action.

**Senator McKIM:** At the moment, the proponent has been in touch but hasn't yet provided any additional information. You won't inform the committee on whether or not you're satisfied with progress. I guess my question is: what steps will the department take if the proponent fails to demonstrate any progress, and when might be the first consideration that the department would give to lapsing the project?

**Mr Edwards:** As Ms Short said, there are proponents currently engaging with us, so there are conversations about what material we require. From our perspective, that's appropriate. Some people take longer. Some people need a little more guidance, so they'll check in. But we're a long way away, and we certainly wouldn't be in the zone of considering taking action ourselves while the proponent is actively considering that project.

**Senator McKIM:** Is the department satisfied that the proponent is taking reasonable steps to comply with the further information that's been requested?

**Mr Edwards:** Again, it's not 'to our satisfaction'; it's up to the proponent whether they want to progress that work or not. So we can't give you a straight answer on that, other than to say that those time frames are really at the behest of that proponent. If they decide to provide the additional material, then our statutory time frames will resume.

**CHAIR:** Senator Duniam?

**Senator DUNIAM:** Why don't we start with the EPBC reforms. How are we going?

**Mr Knudson:** Very good.

**CHAIR:** Swimmingly.

**Senator DUNIAM:** Excellent. Where are we at? You've had another—

**CHAIR:** It's all fine, Senator Duniam.

**Senator DUNIAM:** Thank you, Chair, for that unbiased answer. So where are we at?

**Mr Knudson:** We held consultations with about 200 participants at the end of October. We then held a second session in mid-December. We've got another session coming up momentarily—this month. In addition to that, we've held a couple of webinars where we've had about 2,000 participants. We've also opened up a 'have your say' process where people can submit their feedback, as they wish, on the proposed legislation et cetera. That closes, I believe, in March. Based upon the input that we got to the Samuel review, where we had 30-odd thousand submissions, we expect there'll be a significant amount of community interest in the reforms. But, quite frankly, they're going well. We've been doing a rolling consultation, as you would know—where we've had a set of policy papers as well as draft legislation following those policy papers—and we are moving through the core aspects of the legislation that way.

**Senator DUNIAM:** This 'have your say' portal ability for the public to have a comment, which I think is admirable—what are they basing their feedback on?

**Mr Knudson:** All of the policy papers are being released a month or so after the session with the expert stakeholders. Those are in the public domain. Obviously, there's the Samuel review and there's the *Nature positive plan*. As we said, we had 200 or so stakeholders involved in the consultations in October, in December and, coming up, in February. We've encouraged those stakeholders to, in turn—for example, the Minerals Council is a representative there, but the individual companies that are members of the MCA are not. We've encouraged the



MCA to turn around and share the proposed reforms in great detail. Those companies are then able to provide feedback to us either directly or through that portal.

**Senator DUNIAM:** You talked about the public being able to have a say on the draft laws, but then you told me that it's policy papers that they're able to view.

**Mr Knudson:** The policy papers have been released publicly, and we've had drafts of the legislation available for those stakeholder sessions.

**Senator DUNIAM:** To be clear, the public haven't seen the drafts—the policy papers—

**Mr Knudson:** That's correct. They will, of course, get to see the legislation when it's introduced to parliament.

**Senator DUNIAM:** I hope that we will be able to see them too one day soon, if we haven't already, as promised. Do the policy papers closely mirror what's contained in the draft laws, broadly speaking?

**Mr Knudson:** That's correct. We've designed the policy papers so that they're almost in the structure that the legislation is anticipated to be drafted. But then that follows in the next session when the government drafters have finished their work. Then we'll be sharing those drafts of the legislation in that way. But it absolutely mirrors the structure of the policy papers.

**Senator DUNIAM:** You've said that peak bodies—like the MCA, for example—should then share what they learned at hearings, in great detail, with their member organisations. What are they able to take away from these consultation sessions to share?

**Mr Knudson:** We've had sessions that have run for two full days. I can tell you that there are a lot of sore arms at the end of the sessions, from people taking notes. We've encouraged people to take notes on anything they wish to. That has meant that the stakeholders who've attended those have left with really exhaustive notes on what's proposed in the policy papers before they're released to the public a month or so later. Then they're able to verify and check against what the draft legislation looks like, based upon what they've seen in the policy papers et cetera, and then report back to their members on that basis as well.

**Senator DUNIAM:** So we're not worried about Chinese whispers—that they might somehow lose something in translation between having sat in the locked room, taking it back to their members and then bringing that back to their next session of these closed-door meetings?

**Mr Knudson:** One of the key dynamics within the stakeholder sessions is, in terms of Mr Tregurtha and his staff, we've had probably about a dozen staff available for any questions that the stakeholders have had and for follow-ups from one session to the next. We've always made sure that the documents from the last session are available for the current session. There are always those points of reference so people can make sure that they're able to follow if things are changing, why they're changing et cetera. We also try to give a quick overview, at the beginning, of the major changes that may have happened between the last session and the next session.

So we put a lot of effort into making sure that this is as clear and transparent as possible for the stakeholders so that they can follow the evolution of the legislation as it's developed. Like I said, I think we estimated that during the course of the first two-day session we had several hundred questions across those various staff members from caucuses of different stakeholder groups. As you can imagine, there are certain subjects that are of greater interest to others; the environmental organisations have different points of focus than the business groups do. But that's all happening in the same room so they can all, quite frankly, participate where they wish, and that's been happening.

**CHAIR:** I was going to say, Senator Duniam, that we're going to rotate.

**Senator DUNIAM:** Okay. Let me just have one or two more questions, Chair.

**CHAIR:** Certainly.

**Senator DUNIAM:** You'll forgive me, Mr Knudson, for my scepticism about when we'll get this done, but I will ask the question again: when do you expect to have legislation in the parliament?

**Mr Knudson:** As I said last time, the answer remains the same, which is we intend to have the legislation ready as soon as possible in 2024.

**Senator DUNIAM:** Excellent. That allays all of my concerns and those of the Australian public, whose good it is we are seeking to legislate to protect! That was sarcasm for Hansard, who may not have picked that up. But, seriously though, you just talked about a consultation process which has previously yielded 30,000 public comments. We're going through this now with the 'Have your say' portal, and you've got the series of consultations. All of that is to be melded into draft laws. At the end of last year, feedback from stakeholders—who probably weren't supposed to speak but did—showed they were left very, very doubtful about the government's capacity to deliver on proper laws, let alone meet a time line. When is 'as soon as possible'? We

were told it'd be in the front half of this year, and we were told it'd be before the end of last year—we've been given a series of deadlines. What is the latest one?

**Mr Knudson:** It's the exact same answer I gave previously, which is, first of all, we've pulled forward the consultations so that we could have exposure drafts of the legislation to the stakeholder groups on a rolling basis so that they would get to see the legislation as it developed—that we have done. We said that we were going start in December; we actually started in October, and that process is ongoing. We expect to wind up the consultations over the course of the next while, which will then, as you suggest, need to be amalgamated into legislation for introduction to the House or to the parliament. All I can give you is the same assurance I gave you previously, which is that it will be as soon as possible in 2024.

**Senator DUNIAM:** So 'as soon as possible in 2024' means you're giving us a commitment that this will be in the parliament this year?

**Mr Knudson:** That is our intention, yes.

**Senator DUNIAM:** It will happen. There will be no blowouts, and it will be the full pack, not a portion thereof?

**Mr Knudson:** Like I said, the intention is for the legislation to be in parliament as soon as possible in 2024.

**Senator DUNIAM:** Okay—in the shadow of an election. Do you want to rotate the call, Chair? Okay, do that, and I'll come back.

**CHAIR:** We'll go to Senator Whish-Wilson for six glorious minutes.

**Senator WHISH-WILSON:** I've got some questions around the released *Roadmap of agreed actions* by the national recovery team for the maugean skate. On page two, in the introduction, it says:

The Recovery Team notes the available predictions of the impact of climate change and possible marine heatwaves in south-eastern Australian and Tasmanian waters. It is likely these changing conditions will have an impact on the Maugean skate ...

Could you give your latest information on water temperatures in Macquarie Harbour?

**Dr Fraser:** We don't have to hand the latest information on the temperatures in Macquarie Harbour, right at this time. That might be a question for the Bureau of Meteorology, or we could chase that up separately.

**Senator WHISH-WILSON:** I did ask you at the last estimates. You'd had two briefings that you provided to me on notice and you said that you were getting them regularly. Even if you could tell me when your last brief was?

**Dr Fraser:** Certainly. Apologies. I may have misunderstood your question, Senator.

**Senator WHISH-WILSON:** That's okay, no problems. Could I get some kind of sense from you—in the document on the first page it says on the second paragraph:

Given the diversity of expertise and views within the Recovery Team and its Working Groups, consensus was not reached on all actions outlined, however the Recovery Team has agreed to include all technically valid options within its Roadmap of Agreed Actions.

What does that mean? It seems contradictory?

**Dr Fraser:** We tried to express the complexity of working in that recovery team with diverse stakeholders and diverse interests as clearly as possible in that statement. I'm not trying to be difficult. What the road map sets out is a series of technically feasible actions. It makes it very clear that not all stakeholders have agreed to implement those technically feasible actions at this point in time, but all stakeholders did agree that they could be documented in the road map.

**Senator WHISH-WILSON:** Is it a technically feasible action in reducing salmon biomass in Macquarie Harbour?

**Dr Fraser:** As set down in the road map that is a technically feasible action, but, as you would be aware, based on public statements, not all parties have agreed to that at this time.

**Senator WHISH-WILSON:** If I could just explore that, I've got your conservation advice here, which I'm sure you're very familiar with. On page 28 and 29, you've got a risk matrix which says the likelihood is almost certain under catastrophic impacts of 'reduced water quality from salmonoid aquaculture operations in Macquarie Harbour' in terms of risks to the skate. On the next page you talk about habitat loss and degradation, saying:

**Urgent Priority—before summer 2023/24**

- Eliminate or significantly reduce the impacts of salmonid aquaculture on dissolved oxygen concentrations. The fastest and simplest way to achieve this is by significantly reducing fish biomass and feeding rates.

Is it fair to say that's been ignored by the task force and is not in the road map?

**Dr Fraser:** There are many actions in that conservation advice which are being followed through by the recovery team and members of the recovery team. The conservation advice doesn't compel stakeholders to implement that conservation advice, and the regulation of that industry in Macquarie Harbour is undertaken by the Tasmanian government at the moment.

**Senator WHISH-WILSON:** The Tasmanian government is calling the shots—is that a fair assumption? Or is the salmon industry calling the shots?

**Dr Fraser:** The industry in Macquarie Harbour is regulated by the Tasmanian government, and the salmon companies that are running those operations in the harbour undertake that in a way that, at this stage, is compliant with the EPA requirements of the Tasmanian government.

**Senator WHISH-WILSON:** This is obviously an Australian Commonwealth government and Tasmanian government document, this 'road map of agreed actions'. On page 3 through to page 9 you've got the road map laid out. Here it talks about 'coordinate recovery actions, community captive breeding and translocation, remediation, monitoring and modelling'. Under remediation is where this falls in, reducing aquaculture oxygen demand. It says from mid-2024 that that would occur. Can you explain—obviously, I know you're on the task force—why this wasn't a priority action? Why is it happening nearly a year after it was recommended?

**Ms Kennedy:** Before Dr Fraser gets to that, I might just clarify that the agreed road map is not a Commonwealth document and a Tasmanian government document. It is a document of the recovery team. We've got a list there of all of the members of the recovery team. So, as Dr Fraser has already said, that's a range of different people coming together. The Commonwealth's document is the conservation advice, as you've rightly noted. The Tasmanian government has also recently put out an updated conservation action plan. I think it—

**Senator WHISH-WILSON:** You'll have to forgive me, because it's got the Australian government and Tasmanian government there on the document that's on your website.

**Ms Kennedy:** We are both part of the recovery team; that's absolutely correct. I'm just clarifying that, as we went over before, we are talking about the fact that this is a group that brings together a range of stakeholders that are involved in the recovery process for the maugean skate. I didn't want you to leave with the impression that this was a document that was just consensus between our two—

**Senator WHISH-WILSON:** I appreciate you've made the point. Sorry. Dr Fraser.

**Dr Fraser:** The recovery team is convened by the Australian government and the Tasmanian government, but it is a collective group of several stakeholders.

**Senator WHISH-WILSON:** We're obviously contributing significant funds to the recovery team as well, correct?

**Dr Fraser:** That's correct.

**Senator WHISH-WILSON:** But we're not calling the shots on the regulation of salmonid aquaculture in Macquarie Harbour?

**Dr Fraser:** The Tasmanian Environmental Protection Agency is responsible for that.

**Senator WHISH-WILSON:** This is my last question on this particular line of questioning. When you go into more detail in the document and you get to the area that talks about remediation, I noticed that, under 'Responsible partners', DCCEEW is a responsible partner for many of the subgroups in the road map, but it's not listed as a responsible partner for remediation and restoration of habitat, which is kind of the crux of the matter according to our own conservation advice. Why isn't the federal government a responsible partner in overseeing that critical component to this road map, Dr Fraser?

**Dr Fraser:** The federal government is participating in most of the recovery actions that are taking place here and getting regular feedback from those, but, for the responsible parties to implement those actions, we've tried to not just list all recovery members against all of those actions but list the key ones involved in that. Essentially, the key players with responsibility for that are the salmon companies who have the farms in the Macquarie Harbour at the moment and the Tasmanian Government, as they may be regulating those farms. Those salmon companies are working very closely with the Fisheries Research and Development Corporation to—and I'll use this opportunity to answer your previous question—pilot, over the next few months, offsetting the oxygen demand which is caused by salmon farms in the harbour. We should have an idea of how successful that pilot is over the next handful of months, and that trial will run over the next 18 months. But it may be evident within the next six months of that trial, which is the mechanical injection of oxygen into the water, that it's not successful in doing that or has unforeseen consequences. That may be an opportunity for the key players to investigate changes in salmon

biomass in the water, but that's not a call that we would make at this point in time or that the industry has agreed to.

**CHAIR:** I'll just intervene there. We're going to have to rotate. We're very, very stretched for time. Outcome 2.3, just to give people an update, will be done through questions on notice. So those officers connected just with 2.3 are released. We will still be coming to 2.2, and we're trying to be as tight as we can. So, if you could keep your questions concise and put what you can on notice, and if the responses could be as concise as possible, that would be very beneficial.

**Senator DAVID POCOCK:** I think we're only four hours over, so it's not too bad! Over the past few estimates, I've been asking questions about funding for nature, and Senator Hanson-Young has also been asking questions. I'm really concerned that, in even trying to dig into this, the answers still seem really opaque. I'm not really trying to catch you out with these questions. I'm genuinely trying to find out how much money we are spending on nature. We're a megadiverse country with incredible biodiversity, and we've got a government that is committed to halting extinctions. I think Australians want to know, and probably deserve to know, what that equates to.

In response to my question of what new funding has been announced since the election, your answer on notice, SQ23-001362, was that there had been a \$3.8 billion commitment of new funding. On notice, could you provide a complete breakdown of that figure by measure and program? I'd also like to ask questions about funding that goes directly to the government's promise that there would be no new extinctions, and I'd like to take you to your response to another question on notice, reference SQ23-001339. In that response you set out that \$202 million from the National Heritage Trust goes to threatened species recovery and that there's \$224.5 million in the Saving Native Species Program and \$30 million through the National Environmental Science Program. By my calculations, that's \$450 million of direct spending, but the time frames seem to vary in the forwards—some are out to 2030. In round numbers, it looks like the government is investing less than \$100 million a year in threatened species. As we're a megadiverse country and the world leader in extinctions, does that number sound about right?

**Mr Knudson:** The reason why in previous sessions with you I talked about \$4.8 billion over the forwards being committed to environment and water is that, just as a point of principle, if we're dealing with—your question is about investment directly on nature, and the \$450 million. We can confirm the program is focused very directly on species and ecosystems. The reason why I went also to the larger figure, which includes things like water et cetera, is that we know that when we improve water ecosystems that also helps the fish in there et cetera. A couple things I would point out for you—

**Senator DAVID POCOCK:** I'm short on time. I understand that there are spin-off benefits from all sorts of funding.

**Mr Knudson:** That's right.

**Senator DAVID POCOCK:** The thing I'm trying to understand is: directly on threatened species, would it be around \$100 million a year?

**Mr Knudson:** No, it wouldn't, and this is what I was going to say. When we do environmental flows for water, that has direct impact on species.

**Senator DAVID POCOCK:** It has an impact, but you could just say that is providing an ecosystem with the ability to function. That's not directly looking at the Maugean skate, the swift parrot, the Leadbeater's possum or the thousands of other species. I understand what you're trying to say, but maybe you could tell me on notice: out to 2030, how much is directly allocated for threatened species? I'd love to know that.

**Mr Knudson:** Alright, and what I'm likely to do is also include things that are related to species outcomes that are separate.

**Senator DAVID POCOCK:** Please, but separately.

**Mr Knudson:** For example, there's the investment in standing up the Environmental Protection Authority, which is all about protecting species. I know you're not—

**Senator DAVID POCOCK:** Yes, but—

**Mr Knudson:** It's different to money on the ground—I get that—but unfortunately it's just too narrow a story. To protect species you need to do programs on the ground and regulation; you need to do a number of things. That's all.

**Senator DAVID POCOCK:** I get that.

**Mr Fredericks:** I was just having a look at the answer we gave. We will come back on notice with a list of the various programs that Mr Knudson has talked to you about before. We will be transparent about that, and we will assert that they are relevant to funding to threatened species, but you will be able to make your own judgement about whether that's correct.

**Senator DAVID POCOCK:** Sure. Maybe you could do one that's just threatened species and then you can have your water—so we can look at both, if that's alright.

**Senator McAllister:** I will say, Senator Pocock: foundational to protecting species is having ecosystems that can sustain them, and all of the information we've provided is that landscape-scale protection, which works across numerous species rather than working on an individualised species level. That is the way to achieve environmental outcomes. These are not questions of semantics; these are fundamental approaches to nature conservation. None of that is to obviate your request for information, but it is relevant to the overall approach the government is taking.

**Senator DAVID POCOCK:** It's relevant, but if you just said, 'We've got national parks, and we spend money on national parks, so that's saving species'—

**Senator McAllister:** Are you arguing that it's not?

**Senator DAVID POCOCK:** In a country like Australia, with invasive species, unless you're actually doing targeted invasive species management, like feral cat control, your little marsupials don't stand a chance. I'd love the breakdown. Can I finish with one last question on funding?

**CHAIR:** One last question.

**Senator DAVID POCOCK:** Secretary, I'd love you to have a look at SQ23-001363. The minister made a claim that it's the biggest spend ever on nature. I was asking the department whether or not that was adjusted for inflation, and it wasn't. I thought my question was pretty simple, asking if it's still the biggest spend if it's adjusted for inflation. I don't know the answer. It looks like something coming out of ChatGPT.

**Mr Fredericks:** I can take this on notice and have another look, but our interpretation was that you were asking whether the amount adjusted for inflation would still be the biggest spend. You asked us to take that on notice, and I think our response was that it's adjusted by way of indexation, and then there's a description of the normal government process for adjustment by indexation.

**Senator DAVID POCOCK:** So the number is adjusted for inflation? Is it still the biggest spend ever or not? That's what I was asking. I don't know.

**Mr Hanlon:** Measures that go over multiple years are indexed. The indexation is not consistent, though, because some indexation is legislated. If it's created out of legislation, it will specify what the rate is. But, in the general principle, yes. If it's over multiple years, it will be indexed.

**Senator DAVID POCOCK:** But your indexation is not at the same rate as CPI?

**Mr Hanlon:** It's not CPI. It's a combination, and it's set at each budget round.

**Senator DAVID POCOCK:** Usually lower—in this sort of environment.

**Mr Hanlon:** There was an uptick in the May budget or the October budget—I can take that on notice. There was an adjustment. But, generally, the indexation has been slightly below CPI over the last few years.

**Senator DAVID POCOCK:** Again, on this—

**CHAIR:** We are going to have to rotate the call. We're really tight on time.

**Senator DAVID POCOCK:** Sure. If you adjust spending for inflation, for CPI, is it still the biggest spend or not necessarily? It looks to me like it's a flat line.

**Mr Fredericks:** We'll take that question on notice.

**Senator DAVID POCOCK:** Sure. Thank you very much.

**CHAIR:** Senator Rice. We're aiming for six.

**Senator RICE:** Six—alright. This year marks my 10th year of being a senator and my 10th year of asking successive governments about the recovery plan for the Leadbeater's possum. The critically endangered Leadbeater's possum, or wollert, has been without a recovery plan for over 20 years. It's been seven years since the draft was released. Last estimates, I was pleased that you told me that the Threatened Species Scientific Committee had endorsed the recovery plan, and the next step was for the minister to consider the plan and invite jurisdictions to make the plan jointly with the Commonwealth. When I said, 'When's that going to happen?' you

said, 'I think we're very well positioned in terms of the recent progress that we've made.' So, Ms Kennedy, do we have a recovery plan for Leadbeater's possums yet?

**Ms Kennedy:** We don't have one yet, but we are closer. We have progressed since we had the discussion last. Minister Plibersek has invited her Victorian counterpart to join her in—

**Senator RICE:** Has she signed the plan?

**Ms Kennedy:** She has invited her Victorian counterpart to join her in making the recovery plan, so we're getting very, very close to a point where we have that ready.

**Senator RICE:** In inviting Victoria, has Minister Plibersek signed off on the plan?

**Ms Kennedy:** She has—

**Senator RICE:** That's a direct question. I know, from the OPD on swift parrots, about the process on swift parrots before the other states were jointly invited.

**Ms Kennedy:** Yes. She has agreed to it.

**Senator RICE:** Right.

**Ms Kennedy:** There are obviously a couple of points at which the minister has to sign the instrument, which is why I'm hesitating. With a joint instrument, as you know, the final signature is also the Commonwealth minister's before it gets brought into legal effect. That stage hasn't happened yet.

**Senator RICE:** When was Victoria invited to jointly sign up on the plan?

**Ms Kennedy:** I don't have the exact date with me, but it was in November. I have been advised that in January the Victorian minister also signed on, so we're really in the final stages now.

**Senator RICE:** Okay. Have they advised the Commonwealth officially of that?

**Ms Kennedy:** I don't think we have it yet.

**Senator RICE:** Ms Kennedy, after 10 years of asking about the recovery plans, I was really hoping that by this estimates you'd be able to tell me that we had one.

**Mr Knudson:** Senator, so were we.

**Unidentified speaker:** It's only going to take 10 years!

**Mr Knudson:** We were aware of the importance of this session, and we have absolutely been trying to get it done.

**Senator RICE:** It's not about me; it's about the poor Leadbeater's possum.

**Mr Knudson:** In some ways it is, Senator.

**Mr Fredericks:** But it is important that the indication from Victoria—if I'm correct, in January—was that they have, essentially, confirmed their agreement. There are formal processes which need to be done, so that is an advance on where we were when we last spoke to you.

**Ms Kennedy:** That's right. As we understand it, Victoria has signed that. We've had some confirmation, but I don't think we've actually got the instrument in our hands at this stage. We've just got those final legal processes to go through.

**Senator RICE:** Alright. I'll move on to the other incredibly protracted process that I have been following, on the swift parrot. Again, it's critically endangered. It is estimated that there were 750 left in the world in 2020, and we're losing them at an estimated rate of a 40- or 50-bird decline in population per year.

Thank you for your response to my order for the production of documents. That included multiple copies of this plan here. What I want to clarify is: last October as you said the plan had been finalised, but it had only been released to the states for their response despite a media announcement that the plan was being released. Has that status changed?

**Ms Kennedy:** We're in a very similar situation with the swift parrot as we are the Leadbeater's possum. There are three recovery plans that we have been working incredibly closely with Victoria on since we spoke to you last, Senator. It's Leadbeater's possum, it's swift parrot and it's spiny rice flower. We understand we have agreement from the Victorian minister to all of those, but I don't have all three signatures.

**Senator RICE:** Is that all that we're waiting for—the signature from the Victorian minister?

**Ms Kennedy:** That's the next step. As I said, then there are legal processes we need to go through at the Commonwealth that then bring it into effect. The discussion we had last estimates, Senator, was about the point at which that becomes law is the point that it gets published. That was the difference between—

**Senator RICE:** So it's not law yet?

**Ms Kennedy:** It's not law yet.

**Senator RICE:** So it's not legally enforceable for the minister to have to take actions consistent with the plan?

**Ms Kennedy:** As we've discussed before, the legal document that is in effect at the moment is the comprehensive conservation advice.

**Senator RICE:** Yes, which the minister isn't legally required to take action consistent with. We've been through this many times before in the last 10 years.

**Ms Kennedy:** I do need to confirm that under the RFAs, as we've discussed before, the states are required to ensure that their laws comply with statutory documents under the EPBC Act, whether they're conservation advices or recovery plans. That remains in place. We're very close to the final stage with that recovery plan as well.

**Senator RICE:** Can I ask you then why is the minister saying 'as of last Friday'. There was an article in the *Guardian* last Friday where the minister was quoted as saying, 'That's why last year I released the national recovery plan for the swift parrot', if it's not actually released? It's very confusing and misleading.

**Ms Kennedy:** I think we did discuss this last time. That announcement by the minister was made on Threatened Species Day. We've discussed before the importance of the swift parrot. You've just explained it yourself—it's an incredibly important species. And the progress that has been made in getting to this point with the recovery plan was something the minister wanted to announce to make sure that people were aware of the progress.

**Senator RICE:** She wanted to announce it, but it hasn't been released. We have not got a legally enforceable recovery plan.

**Ms Kennedy:** A final document had been released to the range states for their consideration in whether or not they would join the Commonwealth in making it. That was the announcement that the minister was making at that time.

**Senator RICE:** I don't want to go over the ground that we went over in October. Time is short. What happened last September? Not only did we have a media release that said it was being released but I have since heard it was released under embargo to journalists. There was an expectation that it was going to be published the next day, and it wasn't. What happened?

**Mr Knudson:** I don't think we have any information on that. We can take it on notice to provide you a chronology. I think the main thing to take away from this, though, is that Ms Kennedy has talked about three different species that you have been a strong advocate for action on for a long time. I wish we were here to say that it was absolutely done, but it will be coming into force very soon.

**Senator RICE:** We're short on time. You're not telling me anything that's informative about what happened last September, which seems to have been a total stuff-up, with a minister saying she wanted to release something, and it was announced and released to journalists, but then there was this scramble because it wasn't ready to be released because it hadn't been signed off on by the states.

**Ms Kennedy:** I'm not sure where your information is from, but the department did not release it to anyone other than to the states, which was where it was supposed to be released.

**Senator RICE:** The department released it to journalists.

**CHAIR:** Senator Rice, maybe you want to provide a reference or some proof of that accusation.

**Senator RICE:** I couldn't do it without revealing my sources as to who then forwarded it on to me. But it was forwarded on to me after having been released to journalists. It was very clear that, the night before 7 September, the intention was that it was going to be released publicly. The media release seemed to indicate that it was going to be released publicly, but it wasn't.

**Mr Fredericks:** I just want to be clear: is your assertion that the department released it to journalists?

**Senator RICE:** I don't know if it was the department or the minister's office.

**Mr Fredericks:** No. These things matter.

**CHAIR:** They do. It's quite a serious accusation you're making, Senator Rice.

**Mr Fredericks:** Your assertion is the department released it. I reject that, but I'll take it on notice.

**Senator RICE:** I got it via a secondary source who got it from a journalist, so I don't know if it was the department or the minister's office who released it to journalists. But it was released to journalists, and I then got a copy of it.

**Mr Fredericks:** I will take on notice the reference to the department.

**Senator RICE:** Senator McAllister, could you take on notice the reference to the minister's office?

**Senator McAllister:** Senator Rice, you've declined to provide any basis for this assertion at all. We'll see what can be uncovered, but I think that there was quite a lot of discussion at the last—

**Senator RICE:** I can forward you—

**CHAIR:** Let the minister finish. You've asked a question; let her finish.

**Senator McAllister:** We'll see what can be provided. I note, as you do, that there was some discussion about this at the last round of estimates.

**Senator RICE:** I didn't know at that stage that it had got as far as being released under embargo to journalists. There was clearly a stuff-up that has not been explained. I look forward to seeing what we get on notice.

**CHAIR:** You have precisely two minutes left, Senator Rice, and I would like you to acknowledge the fact that I've given you heaps of time because it's your last estimates.

**Senator RICE:** Thank you. I've definitely got another block. In terms of the swift parrot plan, we've got Victoria, Tasmania and Queensland that have signed on.

**Ms Kennedy:** Queensland, Tasmania and Victoria have agreed to jointly make the plan. As I said, Victoria is the one that is the most recent. That's what we understand, but I don't have that yet.

**Senator RICE:** Have any of those states requested changes beyond the plan that was sent to them when the minister invited them to sign on? This is the plan that was released to me in the OPD. Is the plan, when it's finally rereleased, going to be exactly the same as this, or will it have further changes?

**Ms Kennedy:** Let me be very clear about what I say here. None of the states that are signing on—as I said, that was final from the Commonwealth's perspective at that time, so no further changes have been made.

**Senator RICE:** Since they were invited to jointly make the plan?

**Ms Kennedy:** Yes.

**Senator RICE:** What are the consequences of New South Wales not signing on?

**Ms Kennedy:** It's for each jurisdiction. New South Wales has explained to us that they are going to provide for protection for swift parrot under their own legislation in terms of the EPBC Act. The recovery plan will continue to apply. It's a national recovery plan, so there is no difference there. The unity of having the recovery plan apply across all of the range states is why the Commonwealth invites all the range states to be part of it at the beginning. Though, in this instance, New South Wales did not join on.

**Senator RICE:** So there's no consequence for swift parrot management in New South Wales?

**Mr Knudson:** It's better practice, obviously, to have the same regulatory instrument at the two levels of government, but, within New South Wales, as Ms Kennedy said, the EPBC Act will apply the Commonwealth swift parrot recovery plan—period.

**Senator RICE:** In my next block, I want to go to the content of the plan.

**CHAIR:** Thank you. On that we will break for our evening tea, as it is referred to. When we return, we will proceed for another hour on this topic, and then Senator Cox will have the last stretch on outcome 2.2.

#### **Proceedings suspended from 21:30 to 21:44**

**CHAIR:** We will resume with outcome 2.1.

**Senator DUNIAM:** A little while ago, I was able to obtain evidence from officials saying, 'It's with best endeavours that we will this year have the replacement laws for the EPBC Act in this parliament.' Minister, can you take us any further than that? You're part of the government. You run the show. What's your best bet on when we'll have these laws in the parliament?

**Senator McAllister:** I can't add to anything that the official has already told you. 'Best endeavours' is a good description of the process the government is going through. Minister Plibersek often talks about the need for common sense and collaboration in working through what is a very complex law reform process.

Mr Knudson talked to you about the approach that we're taking in working with stakeholders to try and expose these organisations, to the greatest extent possible, to our detailed thinking about how the laws will work to



enable them to reflect on them and provide us feedback, as a government, about any practical observations they may have about those proposals. It's an iterative process. It provides us with the opportunity to receive early and rolling information as ideas are refined. We're determined to work through it in this way, which does engage the stakeholders that are going to have to work within the law.

I remind you that the purpose of the law reform is to deal with an outstanding situation which your government was aware of but didn't act on when you were last in government where the laws really weren't working in relation to the environmental tasks that the community said were a priority and, from business's perspective, were not delivering on the outcomes they sought either.

**Senator DUNIAM:** Has the minister set down a deadline for this to be done?

**Senator McAllister:** The minister expects the department to work through it in a thorough, collaborative way as quickly as possible.

**Senator DUNIAM:** So there's no deadline and no clarity on when you expect it to be finished. Is the government just letting this process run on?

**Senator McAllister:** I don't think I'd accept that characterisation.

**Senator DUNIAM:** I think that's exactly what you said—just in your words.

**Senator McAllister:** I think that the government is seeking to do it in a thorough and orderly way and is consulting with stakeholders in the detailed approach set out to you by Mr Knudson.

**Senator DUNIAM:** That's not quite how stakeholders would characterise it. So there's no date, though, from you. It's just, 'Best endeavours—as soon as we can.' Is that what you're telling us tonight?

**Senator McAllister:** I have indicated to you that we are working as swiftly as we can, noting that it's a complex reform—

**Senator DUNIAM:** We're almost at two years for this complex reform—two years on.

**Senator McAllister:** and it is best done by working with the stakeholders that will need to work within the legislative framework that is ultimately established.

**Senator DUNIAM:** Do you agree that, given the environment is a public good, legislating in this space and having an enduring set of laws would involve, perhaps, involving other parties in this parliament before the bills land on the table in this building?

**Senator McAllister:** The government works across the parliament to get good outcomes in the legislature.

**Senator DUNIAM:** I'd love to know where and when, because I'm failing to see that, having invited such activity.

**Senator McAllister:** Very frequently, when we speak publicly about our legislative intentions—and I'm speaking generally—your opposition frequently says, 'We're opposed to it,' before you've even seen the details, so—

**Senator DUNIAM:** I'm asking to see the detail, and for two years you've said no.

**Senator McAllister:** if you moved on from a reflexively negative proposition, we'd possibly be able to do something.

**Senator DUNIAM:** Talking about time lines, I wonder: can you tell us when a decision will be made with regard to the potential review to take place around salmon farming in Macquarie Harbour?

**Senator McAllister:** Are you talking about the—

**Senator DUNIAM:** I'm talking about the review of the permits that are in place and have been since 2012. A request was made by the Bob Brown Foundation, the Environmental Defenders Office—funded by your government—and the Australia Institute. I just wondered when a decision would be made.

**Senator McAllister:** I might ask officials to talk you through the timetable. This is, as you know, a legislative requirement that the minister is responding to. I think it's important that you have accurate information about the legislative framework within which the minister is working.

**Senator DUNIAM:** My question was specifically about the time frame, so please go ahead.

**Mr Edwards:** As the minister indicated, it's a requirement when you receive new information to—

**Senator DUNIAM:** I understand that.

**Mr Edwards:** look at reconsideration. In this case, there are three lots of information. We're at the beginning of that process. We've been out to a public consultation period. That's really important if you have a lot of interest.

People get to comment on that information and provide their own through that process as well. That process went from 4 December until 2 February.

**Senator DUNIAM:** Yes, I'm aware.

**Mr Edwards:** So it closed very recently. We received 2½ thousand submissions during that process, quite a hefty amount. We're now in the process of assessing the substantive and other nature of that material. A lot of those submissions have scientific reports and other references attached to them.

**Senator DUNIAM:** A lot?

**Mr Edwards:** Yes, quite a few. We'll be going through them trying to assess what we're working with. We hope to make a recommendation to the minister in due course, based on that information. It's quite hard, though. Submissions have only just closed, so we've got to figure out what we've got in that package of material that's been submitted to us.

**Senator DUNIAM:** Would you say that the majority of submissions have scientific reports attached to them?

**Mr Edwards:** We haven't been able to go through all the submissions, but we've seen several large ones with multiple documents attached to them.

**Senator DUNIAM:** What date did it close?

**Mr Edwards:** On 2 February.

**Senator DUNIAM:** Ten days ago.

**CHAIR:** Senator Duniam, we're going to need to rotate. Senator Cox?

**Senator COX:** I have some questions for the Supervising Scientist about the Jabiluka mineral lease. Are you aware of when the Jabiluka mineral lease will expire? Can it be extended?

**Mr Tayler:** The Jabiluka mineral lease will expire in August this year. An extension or otherwise of the lease is a matter for the Minister for Resources, Minister King, so it would be best to address questions around the process associated with that expiry to the department.

**Senator COX:** Are you aware of any application for extension? Are the proponents currently seeking a lease?

**Mr Tayler:** ERA have indicated that they will apply for an extension; they've said that publicly. To the best of my knowledge, that has not been lodged yet.

**Senator COX:** Mr Tayler, what's your understanding of the position of the Mirarr traditional owners regarding the extension of the mineral lease in Jabiluka.

**Mr Tayler:** The Mirarr have been quite clear, on the public record, that they're strongly opposed to the renewal of the Jabiluka lease.

**Senator COX:** Has ERA met all of its obligations under the current arrangement for the mineral lease at Jabiluka, including the mineral closure plans?

**Mr Tayler:** I haven't been through all of the requirements of the mineral lease itself, so I wouldn't be able to give you a definitive answer to that question, I'm afraid. It's probably something best left to the lawyers to answer, I think, rather than to me.

**Senator COX:** Are you aware of the mine closure plans for the Jabiluka mineral lease? Have they been completed?

**Mr Tayler:** There's a current draft mine closure plan that has been lodged with the stakeholder group for consideration, but that has not yet been approved.

**Senator COX:** When were they due?

**Mr Tayler:** There's an annual plan of rehabilitation that's due annually. You're correct in that that hasn't—there was a period of time when that plan wasn't submitted annually.

**Senator COX:** How much time?

**Mr Tayler:** To be correct, I would have to take that on notice. It was several years.

**Senator COX:** If the issue of the renewal of the Jabiluka mineral lease is referred to you, in your expert opinion, would you class that just having a draft of these mine closure plans constitutes a noncompliance in your advice to the minister?

**Mr Tayler:** To be clear, I don't have a role in the renewal of the Jabiluka mineral lease. That's not actually something I will be consulted on. It's a matter for the minister for mineral resources.

**Senator COX:** Thank you for clarifying that. I want to turn to the rehabilitation. Have you assessed ERA's publicly available corporate reporting data yourself? Or your office?

**Mr Tayler:** Sorry, I'm not sure—

**Senator COX:** It's the reporting data in relation to their overall financial reporting and what that has looked like—the time line of what has happened there over the lifetime of that. Has your office been involved in any of that, or have you seen any data in relation to that?

**Mr Tayler:** Not specifically. We tend to focus on the environmental and technical aspects of rehabilitation. I have some awareness of where they're up to, but that's not something we routinely look at.

**Senator COX:** In relation, particularly, to the rehabilitation of Jabiluka, what we know today is that we continue to hear about how long it's going to take and how much it's going to cost. That's the reason I asked about the reporting data. Does your understanding align with what the ERA expects about how long it will take and how much it will cost?

**Mr Tayler:** Sorry—Jabiluka or Ranger?

**Senator COX:** In relation to the rehabilitation of Ranger.

**Mr Tayler:** The current closure plan came out on 1 December. It's under review at the moment, and it had an updated time frame in it.

**Senator COX:** Which was what, sorry?

**Mr Tayler:** It takes the major capital works period to 2035. In their public reporting to the market, ERA have indicated they will need to do a capital raise later this year to obtain funding to continue rehabilitation.

**Senator COX:** Okay. Mr Taylor, ERA have announced the projected cost of rehabilitation has increased from \$1.3 billion over the last six months to \$2.3 billion. They expect that by the end of 2027 they will have already spent \$1.2 billion and have stated that the expenditure beyond that date remains highly uncertain. Do you think this is good enough? Or even sufficient?

**Mr Tayler:** I think it's an unavoidable reality. A lot of the money at Ranger goes into water treatment, and water treatment costs are dependent on wet season rainfall and other factors. Some water treatment technologies are not fully known; the ones they have at the moment are quite expensive and they're looking to try and find other technologies—utilising evaporation perhaps, or things like that, which are cheaper—but none of that has been approved. I think they're hoping that they may find some savings in the future. Necessarily, those costs are still a little bit unknown at this stage.

**Senator COX:** How do we get greater urgency around the real cost of this project? I'm pretty sure the Australian taxpayer would want some assurance that they're not going to foot the bill for this; that ERA will actually finish the job they started to rehabilitate the Ranger mine. How do we get some greater certainty about what the cost is?

**Mr Tayler:** I think ERA is working on some studies right now that will provide additional certainty, but there are certainly pieces of information that are critical to working that out which we don't yet have—or, at least, that I'm not satisfied with.

**Senator COX:** What are the studies, Mr Tayler?

**Mr Tayler:** Into the amount of contaminant that will move from waste rock and other things. They're technical studies but they have implications for things like water treatment. We've been working with the ERA for a number of years to get the science to a point where we're comfortable that it's right.

**Senator COX:** Does this include the tailings and the contamination from the tailings under section 41, which actually says it shouldn't have any impact for the next 10,000 years? Is that correct?

**Mr Tayler:** That's the requirement. That's correct, yes.

**Senator COX:** Do you have the confidence that this is actually going to be achieved under the current projected rehabilitation work being undertaken?

**Mr Tayler:** Under the current projections, yes.

**Senator COX:** Thank you.

**CHAIR:** Senator Roberts.

**Senator ROBERTS:** Thank you for being here tonight. My questions are to do with the Coomera connector stage 2 freeway project in Brisbane. What is the status of the Coomera connector stage 2 with the department under the EPBC Act?

**Mr Edwards:** At this stage, that project hasn't been referred to us for assessment under the EPBC Act.

**Senator ROBERTS:** Where is the public environment report for Coomera stage 2?

**Mr Edwards:** Again, I'm not able to comment. I don't have the project referred to me for assessment.

**Senator ROBERTS:** You've had no contact at all with the state government on this project?

**Mr Edwards:** That's not what I said.

**Senator ROBERTS:** I know it's not what you said. I'm asking you.

**Mr Edwards:** We're certainly aware that there's some work being prepared.

**Senator ROBERTS:** By the Queensland state government?

**Mr Edwards:** By the state government. We expect that there may be a referral sometime soon, but, unfortunately, I don't have details of that.

**Senator ROBERTS:** What information does the department have in regard to the impact of Coomera connector stage 2 on the estimated 299 bird species in the Eagleby Wetlands?

**Mr Edwards:** I don't have any information about that.

**Senator ROBERTS:** None at all? Our information is that Coomera connector stage 2 has seven potential EPBC triggers in terms of sensitive fauna and flora. What triggers or potential triggers has the department been made aware of? None at all?

**Mr Edwards:** The only contact we've had is a pre-referral meeting. There would have been a conversation, in general terms, about the types of impacts that may be in a referral document. What we do in those meetings is refer people to the relevant statutory guidelines and other things that they'll need to consider in preparing the referral.

**Senator ROBERTS:** In preparing their submission to you?

**Mr Edwards:** Yes, that's right. It's more of a general exploration conversation about how to set up a good referral when it does come.

**Senator ROBERTS:** Did they mention migratory bird species?

**Mr Edwards:** I don't have any information about the content of that meeting, but, if it were a likely impact, we'd generally run through threatened species, migratory species and Ramsar if that were relevant.

**Senator ROBERTS:** Flooding of humans?

**Mr Edwards:** Sorry?

**Senator ROBERTS:** Flooding of humans?

**Mr Edwards:** No. I don't regulate impacts from—

**Senator ROBERTS:** Diversion of rivers?

**Mr Edwards:** No.

**Senator ROBERTS:** Is there any chance of getting the contents of the discussion on notice?

**Mr Edwards:** We would only have been talking about the controlling provisions under the EPBC Act. It includes threatened species, migratory species and Ramsar if that were relevant.

**Senator ROBERTS:** Are there any minutes for that meeting?

**Mr Edwards:** I'll have to take that on notice.

**Senator ROBERTS:** Please see if we could get a copy.

**Mr Edwards:** Of course.

**Senator ROBERTS:** Thank you very much.

**CHAIR:** Senator David Pockock.

**Senator DAVID POCOCK:** On the swift parrot question, I think we can clarify that it probably wasn't the department, because on Friday Minister Plibersek said:

That's why last year I released the national recovery plan for the swift parrot to protect and revive this iconic species.

Was the plan released last year?

**Ms Kennedy:** Sorry, Senator, I missed what you said as I was walking up to the table.

**Senator DAVID POCOCK:** Minister Plibersek said she wants to see swift parrots thrive for generations to come. She said:

That's why last year I released the national recovery plan for the swift parrot to protect and revive this iconic species.

**Ms Kennedy:** I'm not sure about when you're saying that the minister said that, but if it—

**Senator DAVID POCOCK:** On Friday.

**Ms Kennedy:** I think this is the discussion that I've had with Senator Rice as well.

**Senator DAVID POCOCK:** That it's not released.

**Ms Kennedy:** It's released to the states. For the joint—

**Senator DAVID POCOCK:** But not to the public?

**Unidentified speaker:** It's on parole!

**CHAIR:** Could we let the official answer the question. I know it's late, and I know it's humorous.

**Senator DAVID POCOCK:** Sure. I know there's ambiguity here, so I'll move on. This was actually my question. Minister Plibersek went on to say that the government was spending half a billion dollars on saving native species and eradicating feral animals, including through specific programs for the swift parrot. I'm interested in a breakdown of that half a billion dollars.

**Mr Knudson:** I think we can capture that in responding to your question from earlier on. The secretary said we'd come back with details on the spending related to individual species. We can break out the swift parrot, in particular. We'll also add the other things that we think support outcomes for species, and then you can decide what you want to do with that input.

**Senator DAVID POCOCK:** Sure. Can I go to sea dumping now? I was told to hang out for that.

**CHAIR:** You've got four minutes.

**Senator DAVID POCOCK:** Thank you. On the department's website, it says that you are developing an application process for sea-dumping permits. It says you're consulting with industry, but it doesn't say that you're consulting with anyone else. It says, 'We will consult with industry before we release the application form and guidance document.' Are you just consulting with industry or are you consulting more broadly?

**Mr McNee:** Yes, we are developing the offshore CCS permit application form for domestic CCS. That is a process that we're consulting with the regulated community around for the application form. The reason we're doing that is obviously to make sure that the form and the information in it is sufficient for them to be able to provide us with an application. All of the information that underpins the application is actually already set out under the London protocol, under annex 2, and the specific guidelines that are associated with CCS. We're not consulting on the information that underpins the environmental risk assessment; we're just consulting on the usability of the form and the level of data that's required.

**Senator DAVID POCOCK:** Thank you. In looking at this issue and trying to understand more, I came across a Santos employee whose LinkedIn profile says he is a senior oil and gas manager whose current focus is, 'Helping to establish the regulatory and commercial regimes for CCS in Timor-Leste and Australia.' I'm interested in what role Santos employees are having in the development of Australia's CCS sea-dumping regime.

**Mr McNee:** We may need to take that on notice. As was flagged this morning, there are multiple regulatory players in this space and there are a number of different intersections. But in relation to the work that we're doing, particularly around the development of the domestic CCS arrangements, we have been consulting with, I think, 14 companies who either hold offshore titles for potential CCS use or have indicated an interest, as well as the regulatory agencies like NOPTA and NOPSEMA. So I'd have to take that on notice to give you a comprehensive response.

**Senator DAVID POCOCK:** Please indicate on notice how many times the department has met with Santos employees or lobbyists, and on what dates and for what purpose. After a pretty frustrating week of asking questions in the Senate, right at the end it was confirmed by Minister Wong in question time and through an order for the production of documents that Santos had been a driving force behind the sea-dumping legislation. I'm interested in which companies were lobbying the department on sea-dumping changes.

**Mr McNee:** I'd have to take that on notice to give you a response. Again, the work around the ratification, particularly for the transboundary movement, is work that is still in progress in the department, in terms of going through the ratification process, but we can detail that.

**Senator DAVID POCOCK:** I might put a few more questions on notice, but I am interested to know if the department is aware of Santos lobbying the Timor-Leste government to push Australia to push the sea-dumping amendments through and set up this regulatory framework.

**Senator McAllister:** I don't think the department is in a position to provide information on behalf of the government of Timor-Leste. They're a sovereign government.

**Senator DAVID POCOCK:** I was just asking if they were aware of Santos working with Timor-Leste to pressure the Australian government?

**Senator McAllister:** There are a lot of assumptions in that question. I don't know if the department has anything to add.

**Mr McNee:** I'm not specifically aware of it, but, as I said, there are a number of different players in this space and the responsibilities differ between agencies, so we can certainly take it on notice.

**CHAIR:** We're going to need to rotate the call, Senator.

**Senator DAVID POCOCK:** This is my last question. Minister, you were there for the sea-dumping debate, and I just felt really frustrated on behalf of Australians who were being—'lied to' is a strong word—misled about this legislation and what was behind it. Then it all comes out at the end from the Leader of Government in the Senate and in this OPD that Santos is the driving force behind this. Then we've got this Santos employee who says that his job is basically helping to write the framework for Australia and Timor-Leste. Are you concerned about the influence of a company like Santos and what that potentially means for our international relationship with Timor-Leste?

**Senator McAllister:** There are a few things. It was a long debate in the Senate and I think my views about the entire policy area are reasonably well established in eight days of *Hansard*. But, firstly, the London Protocol is an important piece of international law-making—

**Senator DAVID POCOCK:** We went through this.

**Senator McAllister:** Well, we did, and you're asking about me about it again.

**Senator DAVID POCOCK:** Well, I'm asking you about it in the wash-up now, where we have dozen of pages of OPDs; where the minister and Santos CEO, Kevin Gallagher, are trading phone calls; and there are all these emails about the mechanics and baselines. It's so clear that Santos is behind this, but we also know that they're working with Timor-Leste—or so I assume that from this person's LinkedIn profile. Is that a concern for you, as a government?

**Senator McAllister:** I don't accept many of the assertions that are bound up in that question. It is unsurprising that government wants to talk to industry as we work through the transition to a low-carbon economy. It's a really significant economic transformation, and it's one that we need to make with a full understanding of how it's going to interact not only with our economy at the macro level but also with economic participants who run businesses. That is not inconsistent with also wanting to engage with environment groups, community organisations and social welfare organisations which also have a big stake in how Australia's climate settings are organised.

It is also, as you've often observed in the Senate, a matter of some significance for our international relationships. We are aware of Timor-Leste's interest in developing opportunities associated with Bayu-Undan, and we were clear about that in the Senate debate. Also, I think talking to people about how we are going to navigate this transition collectively is a good thing, not a bad thing.

**Senator DAVID POCOCK:** And where is the line between talking to people and allowing industry to write policy for themselves?

**Senator McAllister:** Well, that's not how our government is operating. Our government talks with the widest possible range of stakeholders when we're developing policy, and that does include industry.

**CHAIR:** Senator Whish-Wilson.

**Senator WHISH-WILSON:** I've got more questions about the Maugean skate. In response to Senator Duniam, it was outlined that there were 2½ thousand or so submissions. Will those submissions be made public by the department?

**Mr Edwards:** No. Some people may choose to publish their own submissions.

**Senator WHISH-WILSON:** Like the salmon industry did today?

**Mr Edwards:** Yes.

**Senator WHISH-WILSON:** I've got a couple of technical questions and, obviously, I've put these on notice and got responses. The updated conservation advice occurred following the report published in May 2023, an interim report from the University of Tasmania on the monitoring program. The final report is due to be published in early 2024. Is there any update on when that report is expected to land?

**Dr Fraser:** No, we would have to check in with the University of Tasmania on that final report. There may be information, but I just don't have it. I'm not aware.

**Senator WHISH-WILSON:** The reason I ask that is because in response to my question on notice No. 1593, you did mention some new information which came to light. One of the things you responded to me was that you had updated the information on the Maugean skate population status and habitat utilisation. What was the new information on population status, very briefly? Could you take that on notice?

**Dr Fraser:** Could I just take it on notice? I have the information here, but I can't recall it off the top of my head.

**Senator WHISH-WILSON:** No problem. In relation to questions on notice—and you don't need to look it up, but it's 1655 and questions 9 and 10—I asked specifically how the conservation advice was used in the meeting on 9 October to inform discussion. Was there a discussion about whether or not to reference the significant impact of salmon aquaculture on dissolved oxygen? And did Salmon Tasmania recuse themselves under the terms of reference?

Your response to me was a bit disappointing. You said, 'These two questions are a matter for the recovery team.' Dr Fraser, you're obviously a member of the recovery team, and the federal government has put money into the recovery team. Are you able to tell me why, for example, the oxygenation pilot plant was prioritised over reduction of salmonoid biomass in Macquarie Harbour?

**Dr Fraser:** There were a series of technical working groups and it's very much the explanation that was provided at the front of the roadmaps, which was that consensus was not reached on the actions to take. Information on the levels of oxygen in the water were taken into account with a number of actions that came out of that working group. But, as you are aware from public statements from the industry, the salmon industry has not agreed to that.

**Senator WHISH-WILSON:** 'Not one fish', I think was what they said. Can I confirm you did not reach consensus with the Tasmanian government on that either?

**Dr Fraser:** I don't know the details of that; it's not like there was a voting system in those working groups. And I personally was not present there for that. However, part of our terms of reference of the Maugean Skate Recovery Team is that we don't share information on individual members' views. I mention the salmon industry's perspective because they have made public statements on that.

**Senator WHISH-WILSON:** Correct, they have already made that public. I did ask whether Salmon Tasmania recused themselves under the terms of reference, which wasn't responded to. But you did respond under question on notice 1359 that the recovery team conflicts-of-interest process was:

A recovery team provides a forum to bring together diverse partner interests involved in the recovery process and to ensure that actions are implemented in an effective, coordinated and complementary way.

How is it that the salmon industry representatives at these meetings didn't have to recuse themselves under the terms of reference for conflicts of interest on your website? I know it is probably not a question for you; it may be for others in the department. But was it even discussed whether they should recuse themselves?

**Dr Fraser:** Again, I wasn't there all these discussions. However, we are very keen to have all of the key players who can bring about remediation of Macquarie Harbour contributing to those discussions, and the salmon industry, frankly, does have a pretty important role to play, in that they have an understanding of the harbour; it's their industry which is operating in the harbour. And, unless the industry is being regulated to do something different, the salmon industry, we would hope, would voluntarily be contributing to that because they are key players in doing that. So, to have them not present for those discussions, would be have a pretty important participant with a lot of infrastructure and activities in the harbour absent. And, as it has transpired, the salmon industry is now working with the FRDC, as I mentioned earlier, to trial this nanobubble technology which could be an important contribution.

**Senator WHISH-WILSON:** Okay, but in terms of the key plank of the conservation advice about reducing salmon aquaculture immediately and it being the easiest way to do that, they clearly were violently opposed to that. They have pecuniary interests, or their members have a financial interest. This is about making money to them. We're talking about recovery of a skate that will potentially become extinct. It just seems crazy to me that they would have such influence on a recovery plan that has federal funds in it. I know you care about it, Dr Fraser, and I'm sure other people on the recovery team do. This is not a personal reflection on you. It just seems insane to me they would have such influence on a recovery plan for a critically endangered species.

**Dr Fraser:** Just to be clear, for the record this is a roadmap that has been developed by the recovery team; it's not a recovery plan. The Australian government's conservation advice only takes into account the scientific information.

**Senator WHISH-WILSON:** I understand that Minister Plibersek received a legal briefing on 9 November in relation to the Maugean skate. Could the department take it on notice on whether I could get a copy of that?

**Mr Edwards:** We will take that on notice.

**Dr Fraser:** We will take that on notice.

**CHAIR:** And we will rotate the call now. Senator Duniam.

**Senator DUNIAM:** Thank you very much. So to the 2,500 submissions—you're not publishing them. That's normal practice? Yes, unless someone chooses to do so. How many of those do you think were form submissions?

**Mr Edwards:** We don't really have that analysis yet.

**Senator DUNIAM:** When do you expect to have that analysis?

**Mr Edwards:** I can't give you a time frame. Previously it's been five business days, so we haven't had a lot of time to work through that.

**Senator DUNIAM:** Someone is looking at them this week, though?

**Mr Edwards:** Correct. The team immediately got into that, but we had submissions until midnight 2 February.

**Senator DUNIAM:** Five business days ago. Not long. On notice could I get a breakdown in rough terms of how many formal submissions there were? That would be great.

**Mr Edwards:** Yes.

**Senator DUNIAM:** Now, on my original question: were the three requests for reconsideration treated as one or dealt with separately?

**Mr Edwards:** They're separate requests but it's a combined body of material, so we put it out in—

**Senator DUNIAM:** All dealt with through the same—

**Mr Edwards:** If that makes sense.

**Senator DUNIAM:** Sure. When will a decision be made?

**Mr Edwards:** Again, I can't answer that. We need to review every submission, form a view and provide that advice.

**Senator DUNIAM:** When do you think every submission will be reviewed?

**Mr Edwards:** Again, I can't give you that estimate. Our initial part of this phase is working through the material we have. Then we'll formulate an efficient way to get through the material, make sure it's comprehensive and legally robust, and then we'll have a time frame that we can put to the minister of our best estimate. Five days in, we're literally trying to wade through it to understand what we're up to—so your questions about which ones are formed and which are substantive. Then we'll formulate an approach from there, but I can say it'll take several weeks; it's not going to be—

**Senator DUNIAM:** Several weeks?

**Mr Edwards:** Several weeks. The consultation period we gave to people was a considerable amount of time, so in response they've prepared substantive content for us to review.

**Senator DUNIAM:** Yes. The reason I'm asking this is because there's uncertainty, as you would appreciate, on the part of the people that work in the industry and, of course, the community as well who are fighting for the future of the skate and so—

**Senator WHISH-WILSON:** And, technically, a state election could be called tomorrow.

**Senator DUNIAM:** Tomorrow? You know more than me then, Senator Whish-Wilson, I'm here in Canberra!

**Senator WHISH-WILSON:** Just quietly! Wouldn't have anything to do with this.

**Senator DUNIAM:** But of course the Premier did ask the minister—or the Prime Minister, in fact—to have this done by March. Is the end of March a feasible deadline?

**Mr Edwards:** No, it's not.

**Senator DUNIAM:** So it won't be done by then. Minister, when do you think this should be done by?



**Senator McAllister:** What I think is that Minister Plibersek intends to operate consistent with her legal obligations, and that requires a thorough consideration of the matter before her.

**Senator DUNIAM:** Do you share the concerns of the employees and the relevant union, who said that this is hysterical and should be brought to an end immediately?

**Senator McAllister:** I think you understand that in the environment portfolio there are certain legal functions allocated to the minister, and I can assure you that the minister will observe carefully her obligations under the legislation. To that extent, I'm not intending to provide commentary. I understand that it is—

**Senator DUNIAM:** Or a time line? No?

**Senator McAllister:** I think I have been clear about the approach taken and that it does require the minister—

**Senator DUNIAM:** Well, that's fine, because we can go back to Tasmania and let people know that this is not an urgent issue.

**CHAIR:** One at a time. If you've asked a question, please allow the minister to answer.

**Senator DUNIAM:** I have—

**Senator McAllister:** I am answering the question, and it is because—

**Senator DUNIAM:** but the minister took up too much time answering the questions earlier, so I'll go to my next question.

**Senator McAllister:** Senator Duniam, it's not really going to be workable if you're not willing to allow me to answer.

**Senator DUNIAM:** Your last answer was not workable either, minister, so let's move on.

**CHAIR:** It's getting late. I'll ask people to try and just take a break and mind their tempers.

**Senator DUNIAM:** Yes, I want to go to Landcare Rangers—

**CHAIR:** Senator Duniam, if I can just finish what I'm saying that would be really lovely.

**Senator DUNIAM:** Sure.

**CHAIR:** Minister, if you have a very short contribution that would be great—

**Senator DUNIAM:** It would be a good change.

**CHAIR:** but we are running seriously out of time, if you have anything to add.

**Senator McAllister:** It's simply to say that it is most important that Minister Plibersek complies in very careful ways with the legal obligations that the legislation confers upon her. I think any reasonable interpretation of the minister's position in the legislative framework that she is working within would understand that.

**Senator DUNIAM:** I'm sure the people of the west coast of Tasmania will find great comfort in your answer when I provide it to them, Senator McAllister. I'll go to the Landcare Rangers program and the 1,000 new Landcare Rangers. How much money of that program has been spent and how many in total have been employed and upskilled?

**Ms Kennedy:** I can help you with that. I'm just trying to remember when the decision was taken; I think it was last budget. I'm sorry, I might have to come back on notice about exactly when the decision was taken—it was some time ago—to delay the Landcare Rangers election commitments. The Landcare facilitators component of that election commitment is going ahead, but the facilitators have been deferred to start in 2027-28.

**Senator DUNIAM:** Is this the \$90 million?

**Ms Kennedy:** Yes, it is.

**Senator DUNIAM:** And it has been deferred to start in 2027, so not a cent has been expended bar the facilitators component.

**Ms Kennedy:** This was announced as part of the budget last year, and we did cover it then. I'm scrambling slightly through my resources a little bit—

**Senator DUNIAM:** If you could provide that on notice, that's fine. Given the hour and the protracted answers I've received, please take it on notice and let me know what I've asked.

**Ms Kennedy:** The strong feeling was that there was quite a low unemployment rate, the idea of trying to push that election commitment out very quickly wasn't a good one and so the thought was to defer its commencement until later.

**Senator DUNIAM:** That's fine—on notice, please.

**Ms Kennedy:** Will do.

**Senator RICE:** I'll continue on with swift parrots. On the issue of the recovery plan being shared with journalists, I refer you to the article by Lisa Cox in *The Guardian* on 10 September last year. It says:

The swift parrot recovery plan announced by the environment minister, Tanya Plibersek, to mark threatened species day was not actually finalised and had not been shared with the experts who helped to develop it.

... ..

Members of the team said the last official draft they had received was a version released for public comment in 2019.

... ..

They first saw the document after it was provided by journalists seeking expert feedback on the new plan.

It's pretty clear it was released to journalists the night before Threatened Species Day. On the issue of what they then said, which is the content of the plan, the members of the recovery team said—

**Mr Knudson:** Before you get into the question, I want to bring to your attention that the relevant branch head who has been leading on this recovery plan has had to go to the hospital today, so is not in attendance. Ms Kennedy will try to answer your questions to the best of her ability, but we're likely not to be able to answer with a lot of really specific content.

**Senator RICE:** It's a reference for what you took on notice; how the stuff-up of the plan being released and not released last September happened. The article says:

After reading the latest version of the document, Stojanovic—

who is a member of the recovery team—

said it focused too heavily on the threat of predation by sugar gliders instead of the key threat of logging.

I have another *Guardian* article that I'm ready to table that also quoted Dr Stojanovic who said:

he has seen "successive governments try to distract from their ongoing failure to fix the problems caused by logging in Tasmania".

"To stop swift parrots going extinct in the next 10 years we need to protect what's left of their Tasmanian breeding habitat today—there's no more time to waste."

Another researcher, Giselle Owens, says:

... one of the things that was clear from her research was that forest integrity and hollow-bearing trees were the most important features of habitat for both the swift parrot and the sugar glider. Predation by sugar gliders intensifies in areas where there is more clearing and the forest is more fragmented.

The recovery plan as distributed says that we're looking at somewhere between 87 and 92 per cent population decline over 11-16 years, which at minimum is about 40 birds a year. Given we had 750 birds in 2020, we're probably down to around 600. My question is: do you expect that, having this recovery plan in place—once it's finalised and once it's official—and given that it doesn't exclude logging of their habitat, it is going to make any difference at all to that decline?

**Mr Knudson:** Yes, that's the intention of any statutory instrument. This reflects the most current science as to what's required to protect the species, so we believe absolutely that it will have an impact. It will have an impact on individual assessments and how they go forward, to make sure that they're done in a way that is consistent with the recovery plan.

**Senator RICE:** The objectives say you're maintaining or improving the extent, condition and connectivity of habitat, but logging of swift parrot habitat continues. In January I was at the blockade that was organised by the Bob Brown Foundation in a swift parrot habitat near Dover in Tasmania, where there was about to be under way logging of known habitat where there was a hollow-bearing tree that actually had swift parrot nestlings in it. The only reason that logging has stopped is not because of the recovery plan; it's because the Bob Brown Foundation has successfully got an injunction in the Tasmanian Supreme Court. Given that protecting habitat is the most important thing and there is nothing in this plan that says don't log, how is it going to be effective?

**Ms Kennedy:** As Mr Knudson has said, Dr Kiessling is the expert on this, and we would like to take your question on notice to provide more detail. I just would like to say that forestry was identified as a clear primary threat to the species in the draft when it was put out to public comment, and that was obviously something that the recovery plan was put together with—huge assistance from the recovery team, and you've mentioned some of the people involved in that in the people that you quoted. It's still identified as a key primary threat. I presume the one that you have there is the one that we've released to the states.

**Senator RICE:** Yes. It was included in the OPD as what was released to the states, yes.

**Ms Kennedy:** I'm assuming that you can see that it still is there as a primary threat.

**Senator RICE:** I want to go to the changes that were in that version compared to what the TSSC signed off on. The TSSC last saw and approved the plan in November 2020, and when they saw it, they said, 'Yes, send it off to the minister.' They asked for some minor changes; they said, 'Emphasising which actions were priority, greater emphasis on the importance of Bruny and Maria islands, discussing the approach to habitat critical to survival and making the costing more detailed'. What they didn't ask for were changes between the draft plan and the final plan watering down the significance of native forest logging.

**Mr Knudson:** I seem to recall when Ms Kiessling was here last she walked through exactly this question with you and gave—and we can go back to the *Hansard*—an assurance that there weren't material changes.

**Senator RICE:** Well, there were. It's there in the OPD. You look at the draft that the Threatened Species Scientific Committee signed off on and then you look at what was released to the states—for example, there was a removal of a sentence on page 8 that said: 'One-third of the species Tasmanian habitat in the state southern forest has been lost over the last 20 years. This practice continues despite extensive evidence demonstrating that the cessation of logging in swift parrot breeding habitat in Tasmania is urgently required to secure the species.' That sentence is not there in the final plan. And on page 20 the sentence that the Threatened Species Scientific Committee signed off on was: 'The main threats to the survival of the swift parrot are the ongoing loss of breeding and foraging habitat through forestry operations and land clearing and wildlife. This is compounded by predation of nestlings and incubating females by the introduced sugar glider, which is worse in areas of severe deforestation.' Instead of that sentence, which is what the committee signed off on, we have: 'The main threats in Tasmania to the survival of the swift parrot are the predation of nestlings and incubating females by the introduced sugar glider, ongoing loss of breeding and foraging habitat through a range of processes, including forestry operations, land clearing and wildlife.'

And there were other changes. There was an action that was in the plan that the Threatened Species Scientific Committee signed off on which said: 'Secure Tasmanian and the Commonwealth commitment to support strategic planning for swift parrot breeding habitat with a performance criteria of an agreed management plan for forestry activities in Tasmania that is consistent with the objective of achieving a sustained increase in the swift parrot population over the next 10 years—'

**CHAIR:** I appreciate you are reading a tonne of material out of there, but we're going to have to rotate the call.

**Senator RICE:** My point is there were changes made from the plan that the committee signed off on and there is nothing in the document that has any process to why those changes were made.

**CHAIR:** Senator Rice, we really are going to have to move on.

**Senator RICE:** Can I just finish this?

**CHAIR:** It's a point you've made numerous times. It has been answered numerous times.

**Senator RICE:** No. Actually it's a different point because it goes to the fact that essentially this plan has been captured by the logging industry. Ms Kiessling told me—

**CHAIR:** Senator Rice, we really are going to move on now. Either you give the officials a chance to respond again to the same question—

**Senator RICE:** Ms Kiessling told me at the last estimates that if there had been substantial changes it would have gone back. There was not.

**CHAIR:** We'll just move on then. Senator Pocock, over to you.

**Senator RICE:** Can I put a question on notice?

**CHAIR:** It's late. You've asked the question over and over again. You don't like the answer. I appreciate that. They've agreed—

**Senator RICE:** I'll put a question on notice: Why were these changes made? How were those changes made?

**CHAIR:** This is not a debate. Senator Rice, I've asked you a number of times now. You've asked the same question, which I appreciate is a really important question that you need an answer to. The officials have said they are trying to answer. They know that there's another person who will have better information and they have offered to get that information. Going around and around in circles at this time of night, when you have other colleagues who have a right to ask questions as well, who are waiting for their turn—

**Senator RICE:** Chair, I was putting questions on notice—

**CHAIR:** So we're going to move on.

**Senator RICE:** I want to know why these changes were made, when the changes were made—

**CHAIR:** Yes, we've all heard it. Thank you. Senator Pocock, you have the call.

**Senator RICE:** and why these changes did not go back to the Threatened Species Scientific Committee.

**CHAIR:** Senator Rice, you don't have the call. Senator Pocock, you have the call.

**Senator DAVID POCOCK:** Thanks, Chair. I want to ask questions about the Resilient Landscapes Hub.

**Mr Knudson:** Sorry, Senator, could you repeat the name of it?

**Senator DAVID POCOCK:** Resilient Landscapes Hub, under the National Environmental Science Program, the NESP, funding.

**Mr Knudson:** Thank you.

**Senator DAVID POCOCK:** My understanding is that it has now been three years since this was stood up, and I'm interested to know how many projects have been completed.

**Ms Coram:** The current program of the NESP, the NESP 2, was commenced in 2021, so the Resilient Landscapes Hub started then. To date, 22 projects have been approved.

**Senator DAVID POCOCK:** And how many completed?

**Ms Coram:** I think they're still underway. I'll defer to my colleague, Ms Nitschke.

**Ms Nitschke:** The projects go over varying periods of time. I don't have completion figures at this stage, but I'm happy to take it on notice.

**Senator DAVID POCOCK:** Thank you. And maybe on notice too, what has been achieved in those projects. I'm interested in how many peer reviewed scientific papers have been produced out of the Resilient Landscapes Hub?

**Ms Nitschke:** So, again, I'll take that one on notice. We receive a list of peer reviewed publications and all outputs from the hub as part of their progress reporting. We're given a progress report every year. I know that the progress report from 2022 was published and is available publicly. I haven't seen the publication—

**Senator DAVID POCOCK:** Maybe take that on notice.

**Ms Nitschke:** I'm happy to take it on notice.

**Senator DAVID POCOCK:** Thank you. I'm interested in what threatened species are being funded for the \$46 million given to the hub by the Australian government.

**Ms Coram:** Sorry, which threatened species?

**Senator DAVID POCOCK:** Yes, which ones have they prioritised?

**Ms Coram:** There are 164 projects in total in the program and the threatened species—

**Senator DAVID POCOCK:** You said there were 22 approved.

**Ms Coram:** Sorry, that's through the Resilient Landscapes Hub.

**Senator DAVID POCOCK:** That's what I was asking about.

**Ms Coram:** I'll defer to my colleague.

**Ms Nitschke:** Just to be clear, threatened species is a cross-cutting initiative across all the hubs, and so—

**Senator DAVID POCOCK:** Sure. I'm interested in the Resilient Landscapes Hub. Have they picked certain threatened species to work on?

**Ms Nitschke:** They absolutely have.

**Senator DAVID POCOCK:** Which ones?

**Ms Nitschke:** As the leaders in threatened species research, they do research within the hub with their researchers, but there are also other hubs doing research on threatened species. So, in terms of the Resilient Landscapes Hub, of those 22 projects, we can get you a breakdown of the actual species that are being investigated. Again, all of the projects that are approved through the NESP hubs are publicly available online. We can get you any—

**Senator DAVID POCOCK:** Sure. Maybe just on notice, if that's alright. I'm interested to know how those species were targeted and prioritised for research work, and what was the prioritisation process. I'm interested to know if it is true that 30 per cent of the budget is spent on administration, communication and what they've called 'knowledge capture'.

**Ms Nitschke:** Can I go back to your first question?

**Senator DAVID POCOCK:** Sorry, there was one question.

**Ms Nitschke:** You were just asking about the percentage of budget?

**Senator DAVID POCOCK:** It looks like they spent 30 per cent of their budget on administration, communications and knowledge capture.

**Ms Nitschke:** That's the correct amount that's allowed under the program guidelines.

**Senator DAVID POCOCK:** How much are they spending on field work on threatened species?

**Ms Nitschke:** I'll take it on notice. The projects are various, and they're not all involving field work. Some will involve—

**Senator DAVID POCOCK:** I know. I'm asking how much is spent on field work.

**Ms Nitschke:** I don't have a breakdown of that.

**Senator DAVID POCOCK:** Maybe just on notice—thank you. How many PhD programs have started since the commencement of the hub?

**Ms Nitschke:** Again, I'll take it on notice; we do have those stats.

**CHAIR:** The last question.

**Senator DAVID POCOCK:** I've got two to put on notice if that's alright.

**CHAIR:** Okay.

**Senator DAVID POCOCK:** Is it true that UWA has a holdover of over \$10 million of funds that are unspent?

**Ms Nitschke:** I wouldn't characterise it that way. UWA has put forward its draft research plan for 2024, and some of the funding that you're referring to will be spent through that research planning process. The funding for the NESP runs on the financial year, whereas the research planning runs on the calendar year. And so what you'll find is that, when we approve the research plans at the start of the calendar year, that will involve some of the funding from the previous six months, but there will be another six months left to go on that financial year. So there's a slight disconnect between—

**Senator DAVID POCOCK:** Maybe just on notice then—the last three years of UWA's funding and what they've been doing with it.

**Ms Nitschke:** Sure.

**Senator DAVID POCOCK:** Just finally, if you could, on notice, provide a shortlist of the highly cited, high-performing researchers involved in the hub, that would be appreciated. Thank you.

**Ms Nitschke:** Happy to.

**CHAIR:** Senator Duniam.

**Senator DUNIAM:** I have one question to Mr Edwards, and that is: how many people are in his team working on the review of these submissions for the consideration of these permits?

**Mr Edwards:** Unfortunately, I'll have to take that on notice. I don't have that detail with me.

**Senator DUNIAM:** It must be a massive team if you can't tell me how many people are working on it.

**Mr Edwards:** It's within a team that's doing other work at that same time, so I would actually have to see who is dedicated to that task.

**Senator DUNIAM:** Sure. An accurate answer would be great.

**Senator DAVID POCOCK:** I just have one more on EPBC.

**CHAIR:** Okay—if you can make it really speedy.

**Senator DAVID POCOCK:** This is for Mr Knudson. From reading the draft national environmental standard for restoration actions and restoration contributions, it seems it is possible for like-for-like provisions to be relaxed so a restoration contribution for one threatened species could be directed to another threatened species. I'm interested if you could provide an example where this provision might be needed.

**Mr Knudson:** Sure. I'll actually turn to Mr Tregurtha.

**Mr Tregurtha:** Under the current restoration contribution standard, the scenario would be where a contribution was made—I should preface my remarks by saying that the development of the restoration contribution calculation is still underway, so this standard is still open for consultation. But the current proposition in the standard that you're referring to is that the holder of restoration contributions is required to

spend the money in the same way as the taker of a restoration action in the first instance. So that is in a like-for-like manner, as you've referred to.

However, in the event that it proves to be impossible, for some reason, to be able to acquit the totality of that money in that manner, the statutory holder of those funds is able to make a reference to the expert advisory panel, which we're proposing to set up, to determine whether or not there is a better, more expedient manner in which to acquit the funds in terms of environmental spending. It may be intended to be in the same bioregion and benefit the species as far as possible, but it may not be entirely in a like-for-like manner, and the reason for that is to avoid a scenario where you have an environmental fund that is effectively accruing money that can't get spent, which is a pretty serious problem we've seen in states and territories. So it's a mechanism where the default position will always be like for like, but there is a pathway to ensure that money is not trapped in a fund and not able to be spent on the environment.

**Senator DAVID POCOCK:** Have you done modelling looking at the like for like?

**Mr Tregurtha:** The policy is still under development, so not yet. We're still in the consultation phase.

**Senator DAVID POCOCK:** And the likely species impacted—you must have some sort of example you're running off here.

**Mr Tregurtha:** No. What we're doing at the moment is developing the policy in terms of how it will work. As I said to you, the calculation and details of the policy are still under development.

**CHAIR:** We've promised to get to program 2.2.

**Senator DAVID POCOCK:** I've still got two questions on EPBC.

**CHAIR:** We have less than 15 minutes left, and you have had a significant chunk of the time. Can you put them on notice, please, if that's alright?

**Senator DAVID POCOCK:** Sure.

**CHAIR:** Thank you very much.

**Senator DAVID POCOCK:** What about a spillover?

**CHAIR:** No, thank you! Does that work?

**Senator DUNIAM:** There is silence in the room.

**Senator COX:** You could literally hear a pin drop then.

**CHAIR:** We'd rather not. If you've only got two questions, I would appreciate them being on notice. That would be lovely. Thank you kindly, Senator Pocock. We will release 2.1. Anyone associated with 2.1 can go home.

[22:46]

**CHAIR:** Can anyone for program 2.2 please be alert and ready to answer all the questions that Senator Cox might have to take us to the close at 11 pm. Senator Cox, off you go.

**Senator COX:** Thank you so much, Chair. Thank you for making time and, more importantly, for you all staying. I can tell you're super excited about this question about First Nations cultural heritage. When are we going to see a draft bill on federal cultural heritage protection?

**Ms Dumazel:** We've been working closely with the alliance on the reforms. We've been very focused on the detail of the reforms and really looking at that detail around the issues that we're trying to address. We know that the current system is not working for First Nations or proponents, and so we're in the final processes of finalising the detail for us to then go out to targeted consultation with key stakeholders.

**Senator COX:** Ms Dumazel, we've been on this journey since September 2020, since the previous government were in power. This government came into power and sketched out two stages. The last stage was completed in March 2023. We are now in February 2024 and we have no exposure draft, no draft bill and no consultation process sketched out. How many times does this government have to drag the chain so that sacred sites, places of significance for First Nations people in this country, are destroyed? Every single day this government continues to drag the chain about Aboriginal cultural heritage. Is this like eradication by stealth, Minister? What's going on? This is ridiculous. We are still waiting to see. We cannot consult anymore. We've got Western Australia winding back laws to 1978, to old processes that caused Juukan Gorge. I didn't sit on a committee to draft recommendations and come in here, two years down the track, and ask the same questions. I'm sorry, people; I didn't. It's not good enough. Why are we still waiting?

**Senator McAllister:** I'll start with some observations, and then officials can talk a little about where the process is up to at the moment. I hear your frustration, and I acknowledge it. I do understand that the circumstances that saw the Senate and many Australians respond to what happened at Juukan Gorge were terrible, and it did drive a determination to reform cultural heritage laws. I've sat here before and said to you that the commitment from government was to work through that with First Nations people. That has been ongoing, and I'll ask Ms Dumazel to talk about that in a moment. But I do—

**Senator COX:** Minister, I've read—

**CHAIR:** Senator Cox—

**Senator COX:** No, sorry, Chair. I've read the government's response.

**CHAIR:** I'm trying to maintain some order.

**Senator COX:** I've read the government's response.

**CHAIR:** Senator Cox, please. You've asked a question, and the minister is answering the question. I'll ask the minister to be as pointed as she can in her response—

**Senator COX:** Yes. It's late.

**CHAIR:** That would lovely.

**Senator McAllister:** It is late, Senator Cox, and I will try and be as quick as I can. You've asked a serious question, which is 'Why is it taking a long time?' The answer is that it's complex. Some of the issues that the group has needed to think through—the government and the First Nations people we're consulting with—include what the interactions with the Native Title Act are; what the interactions with state and territory legislation will be, because state and territory governments do have primary responsibility for protection of cultural heritage; and how we can best provide certainty and clarity for the community, for business, for industries, for farmers and, importantly, for First Nations people who, for all the reasons that you've articulated, are passionate about their own cultural heritage. It does require careful work; it is complex and we are taking the time that's necessary to get it right.

**Senator COX:** Thank you, Minister. I've read the government's response to the Juukan report, and all I can say is that right now it seems like words on a paper. Your government couldn't even acknowledge the PKKP people's pain in that process and the destruction of their cultural heritage. Every single day, we continue to see this happen.

Let's push the forward button: in the process of developing this legislation, has the issue of underwater cultural heritage been discussed?

**Ms Dumazel:** We're certainly looking at all aspects of cultural heritage. At the moment, the Aboriginal and Torres Strait Islander Heritage Protection Act considers all forms of cultural heritage. The other aspect that we're looking at for the reforms and thinking about—and one of the reasons that it's taking us a long time to go through this—is that our focus is also on the early engagement of traditional owners with proponents. We're really thinking about having that engagement at the feasibility part of the project and looking at the question of how we can better support our traditional owners to have those discussions early on in the piece. We're also thinking about trying to get better protections for First Nations cultural heritage. We have also been looking at what we're doing right now to support current processes. While we're actually undertaking the work for the reforms, we're also looking at what we're doing: we've got a 24/7 hotline and we're trying to support applicants right now, in their consideration of bringing applications forward. So not only are we working on the reforms at the moment but we're also trying to do what we can to support applicants through their processes right now.

**Senator COX:** Can you tell me what definitions are being used in relation to the Australasian Underwater Cultural Heritage Database? What's the criteria for eligibility in relation to that? Are there any First Nations underwater cultural heritage sites on this database? What's the definition you're using for tangible or intangible cultural heritage?

**Mr Beswick:** In relation to the particular definitions that exist under the register, I'll have to take that on notice. But my understanding is there are no First Nations sites currently registered under the database, but I'd like to take that on notice.

**Senator COX:** Why is that, Mr Beswick?

**Mr Beswick:** In order for sites to be registered, the current regime for the protection of underwater cultural heritage is based on tangible heritage. The underwater cultural heritage works on the basis of the identification of sites through archaeology and then the declaration of those sites by the minister to declare them protected. That's the current regime.

**Senator COX:** So, currently in Australia, a 7,000-year-old shipwreck holds more tangible cultural heritage rights than the First Peoples of this country in relation to their stories and their songlines and, in fact, some of the archaeological evidence that we've provided. But no-one's mapping that. Who's mapping any of that cultural heritage?

**Ms Dumazel:** Certainly, one of the things that we're looking at as part of the reforms is how we can better support traditional owners in terms of, for example, making sure that, if we're looking at submerged First Nations archaeological heritage, it can be declared upon discovery and subject to assessment. One of the things that we know for the overall system is how do we better support traditional owners to navigate the existing system and what better supports can we put in place in the reforms, because the mapping component is really important. So that is certainly one aspect that we're looking at.

**Senator COX:** Who's undertaking that, Ms Dumazel?

**Ms Dumazel:** Undertaking the—

**Senator COX:** The mapping.

**Ms Dumazel:** At the moment what we're looking at, in terms of the reforms, is how we can better support traditional owners in their mapping, because it's—

**Senator COX:** You have Geoscience, an independent organisation that the government take all of their wonderful scientific evidence from, who I had a briefing from last week, and there wasn't a map that they put in front of me that had any First Nations cultural heritage attached to it. They can tell me where every basin and every different piece of rock is both on land and in Commonwealth waters, but they can't tell me where cultural heritage is. That's because the minister hasn't provided the remit for them, and this government failed to do that. Every single day, there is another offshore lease provided by the minister for resources, selling off all of our cultural heritage and destroying it in this country. We have captive traditional owner groups who are only too happy to sign off on Aboriginal cultural heritage in this country. We're still battling to have two Closing the Gap targets that talk specifically about Aboriginal cultural heritage, and there's no legislation to support them. I mean, how is this even possible? Where are we going to close the gap?

The Productivity Commission talked last week about not closing the gap. Target 15 and target 16 are very specific: land and sea, protecting that and returning that back by 2030, and number 16, because language comes from dual naming; it comes from what we know are the names of country. But every single day, when we can't pass that oral heritage down to our families, it is destroyed, Minister, Department. We should hang our heads in shame in this place, because we've continued to provide a narrative. Stop putting words on paper that mean nothing to the people out there.

Your consultation processes are broken. You aren't talking to grassroots people. You're talking to organisations. You're talking to people who are on your heritage alliance who are captive. Right now they've got business and investors in a hub, talking about models. No-one's talking to those people who are fighting in the Federal Court to save their cultural heritage, are they? Are you talking to any of those? Did you talk to the Tiwi Islanders? Did you talk to Ms Cooper over in Murujuga, Minister?

**CHAIR:** Senator Cox, can I just draw your attention to the fact that we do need to wind up at 11.

**Senator COX:** That was my final question, Chair, because I'm pretty sure no-one's got any answers to that.

**Ms Parry:** I just want to go to the specifics of your question. In terms of the process that Ms Dumazel outlined, I just want to re-emphasise that I understand the frustration, in terms of the length of time, but the government is committed to this cultural heritage reform. It is committed to getting the process right. We have seen the lived example in WA when the process went wrong.

**Senator COX:** Ms Parry, is that the same as their commitment to accepting all the recommendations of the Juukan Gorge report? Because that includes the makarrata commission. That includes truth-telling in this country, and they've walked away from that. Your government have vacated that space. And they are not protecting our cultural heritage, because every day we have to tell the truth about that.

**Mr Fredericks:** Could Ms Parry be allowed to finish her answer?

**Ms Parry:** I just want to emphasise that Ms Dumazel's team, the members of the alliance and the government are extremely dedicated to these reforms. They're taking the time to get it right because, as you've correctly pointed out, the consultation process is large. The task is large. The importance is large. So the government is taking the time to get this right. We are working very closely with the alliance. They have not walked away from this process. The government has not walked backwards. They are leaning into this. We are close to being able to



go out to a broader consultation process to pick up those broader voices that you have raised, and the government is very committed to doing that.

In parallel we're also very conscious of the need for proponents to have clarity around this legislation. We're ensuring that there's good alignment with the nature positive legislation, with the offshore act and with NOPSEMA so that there is alignment and that there is clarity for both First Nations communities and proponents. We're taking the time to get it right because this is incredibly complicated, complex and incredibly important.

**Senator COX:** What is the time line that your government can commit to, your department can commit to? We continue to hear that this consultation is taking time, every time. It's absolutely not good enough. And while we have a Labor government in Western Australia that wound back those laws during the referendum process because people complained about protecting Aboriginal cultural heritage in Western Australia—the site of the Juukan Gorge destruction—Karijini is now being poisoned by another mine being opened up. I've just sat here and asked questions about Ranger. Why list all these places for world heritage listing? Why talk about the fact that we have wonderful cultural heritage here when we're not prepared to put our money where our mouth is and put laws in place to protect it? It is a farce and it's the biggest, most deafening part of hypocrisy in this place. I'm finished.

**CHAIR:** If you could take it on notice to provide that time line, that would be excellent. Thank you to all the witnesses who have appeared and to Hansard and Broadcasting and the secretariat for their hard work and assistance. I remind senators that the committee has agreed that any written questions on notice should be lodged with the secretariat by 23 February. The committee stands adjourned.

**Committee adjourned at 23:02**