

Chapter 2

Portfolio-specific issues

2.1 This chapter provides an overview of some of the matters raised during the committee's hearings on the Budget Estimates 2018–19. The discussion follows the outcome and agency structure.

Environment and Energy portfolio

Department of the Environment and Energy

2.2 The committee commenced its examination of the Environment and Energy portfolio by asking general questions of the Department of the Environment and Energy. The following matters were discussed:

- preparation of Australia's first voluntary national review on progress in implementing the Sustainable Development Goals (SDGs) (pp. 5–8);
- the department's implementation of the Government's *Guidelines on the Recognition of Sex and Gender* (pp. 8–9);
- the Government's funding partnership with the Great Barrier Reef Foundation (GBRF) and additional funding for the Great Barrier Reef Marine Park Authority (GBRMPA) (pp. 9–21); and
- staffing arrangements in the department (pp. 22–24).

Outcome 1: Conserve, protect and sustainably manage Australia's biodiversity, ecosystems, environment and heritage through research, information management, supporting natural resource management, establishing and managing Commonwealth protected areas, and reducing and regulating the use of pollutants and hazardous substances

2.3 The committee called officers from the department in relation to Program 1.1: Sustainable Management of Natural Resources and the Environment. Matters discussed by the committee included:

- the selection of the GBRF as the proposed vehicle for disbursing Commonwealth grants under the Reef 2050 Plan (pp. 66–71, 83–86, 95–96);
- the total projected spending by the Commonwealth and other entities on the Reef 2050 Plan (pp. 74–76);
- the Australian Government's involvement in the *Queen's Commonwealth Canopy* initiative (pp. 72–73);
- the recovery plan for the giant freshwater crayfish in Tasmania (p. 72); and
- the department's involvement in the extension of the Tasmanian, Victorian and New South Wales Regional Forest Agreements (pp. 72, 82–83, 93–95).

2.4 The committee called officers in relation to Program 1.2: Environmental Information and Research. Matters canvassed by the committee included the management and usage of research derived from the National Environmental Science Program (NESP) (pp. 96–98).

2.5 Officers were called in relation to Program 1.3: Commonwealth Environmental Water. The committee discussed the monitoring and management of Convention on Wetlands of International Importance (Ramsar Convention) sites in Australia, including funding for programs to improve environmental outcomes for Ramsar Convention listed wetlands (pp. 27–31).

2.6 The committee called officers in relation to Program 1.4: Conservation of Australia's Heritage and Environment. Matters canvassed included:

- the listing of sites on the National Heritage List (pp. 72–73);
- the department's activities in relation to the potential listing of the Burrup Peninsula on the World Heritage List (pp. 74–76);
- the current conservation status of the Leadbeater's possum, greater glider and western ring-tailed possum (pp. 76–79);
- identifying Australian sites for inclusion on the World Heritage Tentative List (pp. 80–81); and
- the management and environmental impact of feral horses on Australia's alpine ecosystem (pp. 86–87).

2.7 Officers were called in relation to Program 1.5: Environmental Regulation. Matters discussed by the committee included:

- the impact of proposed land clearing on the Great Barrier Reef catchment areas (pp. 117–119);
- the approval of land clearing at Kingvale Station on Cape York Peninsula (pp. 119–120, 123–125);
- the proposed reduction in the biomass limit for fish farming in Macquarie Harbour, Tasmania (pp. 122–123); and
- the review of the interaction between the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) and agriculture and food production (pp. 130–132).

2.8 The committee called officers in relation to Program 1.6: Management of Hazardous Wastes, Substances and Pollutants. Matters canvassed by the committee included:

- policy responses to the challenges facing the waste and recycling industry in Australia (pp. 87–92);
- the 100 per cent target for Australian packaging to be recyclable, compostable or reusable by 2025 (pp. 92–93);

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- the review of Australia's National Waste Policy (pp. 93–94); and
 - the Government's progress against the sixteen strategies in the 2009 National Waste Policy (p. 94).

Outcome 2: Reduce Australia's greenhouse gas emissions, adapt to the impacts of climate change, contribute to effective global action on climate change, and support technological innovation in clean and renewable energy, through developing and implementing a national response to climate change

2.9 The committee called officers in relation to Program 2.1: Reducing Australia's Greenhouse Gas Emissions. Matters canvassed by the committee included:

- the publication of Australia's National Greenhouse Accounts and projected emissions levels across sectors of the economy (pp. 95–100, 101–103);
- the carbon capture and disposal project at the Gorgon LNG project in Western Australia (pp. 100–101); and
- changes to Australia's emissions reduction levels (pp. 103–107).

2.10 Officers from the department were called in relation to Program 2.2: Adapting to Climate Change. Matters discussed by the committee included:

- departmental programs in relation to climate change adaption (pp. 107–108);
- the Australian Government's *National Climate Resilience and Adaptation Strategy* released in December 2015 (pp. 108–110); and
- the CoastAdapt online coastal climate risk management framework developed by the National Climate Change Adaptation Research Facility (NCCARF) (pp. 111–112).

2.11 The committee called officers in relation to Program 2.3: Renewable Energy Technology Development. Matters examined included:

- cost trends in the renewable energy sector (pp. 112–113);
- the development of new renewable energy technologies (pp. 113–114); and
- the Tesla lithium-ion battery at Neoen wind farm in Hornsdale (pp. 114–115).

Outcome 3: Advance Australia's strategic, scientific, environmental and economic interests in the Antarctic region by protecting, administering and researching the region

2.12 The committee called officers from the department in relation to Program 3.1: Antarctica: Science, Policy and Presence. Matters canvassed included:

- progress towards the construction of a paved runway near Davis research station in Antarctica (pp. 106–112);
- the Government's funding and support for the Australian Antarctic Science Program (pp. 112–114);

- research undertaken in relation to the East Antarctic ice sheet (p. 114);
- the replacement Antarctic icebreaking vessel project (pp. 114–116); and
- the proposed creation of new marine reserves in Antarctica (pp. 116–117).

Outcome 4: Support the reliable, sustainable and secure operations of energy markets through improving Australia's energy efficiency, performance and productivity for the community

2.13 Officers from the department were called in relation to Program: 4.1: Energy. Matters discussed by the committee included:

- the impact of the National Energy Guarantee (NEG) on renewable energy investment (pp. 50–52);
- energy reliability and emissions reductions under the NEG (pp. 52–55);
- reports that the Energy Security Board (ESB) had requested business, industry groups and energy companies to provide staff to help deliver the NEG (pp. 55–59);
- the Australian Energy Market Operator's advice to the Government on the proposed closure of the Liddell power station in NSW (pp. 62–65, 71–72);
- the Government's announcement that there will be a liquid fuel security assessment (pp. 65–68); and
- the potential electricity price impacts of the Government's acquisition of Snowy Hydro Ltd (pp. 69–70).

Australian Renewable Energy Agency

2.14 The committee called officers from the Australian Renewable Energy Agency (ARENA) and canvassed the following matters:

- support for projects providing access to small-scale solar and battery systems to renters and people living in units (pp. 31–32);
- ARENA's involvement in solar thermal projects (pp. 32–34);
- the development of a potential renewable energy export supply chain based around hydrogen (pp. 35–36);
- the proposed expansion of pumped hydro storage and wind energy schemes in Tasmania and their potential to provide storage capacity for the National Electricity Market (pp. 37–38); and
- the Snowy Hydro 2.0 feasibility study and modelling report by Marsden Jacob Associates (MJA) (pp. 39–40).

2.15 At the conclusion of ARENA's evidence to the committee, Senator the Hon Simon Birmingham, Minister for Education and Training representing the Minister for the Environment and Energy, indicated that the Chief Executive Officer (CEO) of ARENA, Mr Ivor Frischknecht, would not be seeking a further term and thanked him

for his 'six years in the job and bringing strong investment background and skills to the role'.⁶

Bureau of Meteorology

2.16 The committee called officers from the Bureau of Meteorology (BOM) and discussed the following matters:

- the impact of proposed changes to the radio frequency that the BOM operates on the 5.6GHz band (pp. 47–48);
- the BOM's statements in relation to recent exceptional heat events in Australia (pp. 48–51);
- the BOM's provision of weather data to the Civil Aviation Safety Authority (CASA) to ensure safety at airports (pp. 51–53); and
- the investigation into allegations that BOM employees were mining cryptocurrencies using the organisation's computers (pp. 55–56).

Clean Energy Finance Corporation

2.17 The committee called officers from the Clean Energy Finance Corporation (CEFC) and discussed the following matters:

- the CEFC's support for projects to assist the uptake of electric vehicles in Australia (pp. 40–42);
- projects to support the social and affordable housing sector to install and access renewable energy technology (pp. 42–44);
- the investment outlook for renewable energy post 2020 (pp. 44–46);
- potential financing of waste-to-energy projects (pp. 46–47); and
- impact of the NEG on electricity retailers and future renewable energy projects (pp.48–49).

Clean Energy Regulator

2.18 The committee called officers from the Clean Energy Regulator (CER) and matters examined included:

- the projected level of renewable energy investment required to meet the Government's renewable energy target (pp. 98–100, 103–105);
- the CER's advice in relation to the design of the NEG (p. 101); and
- work being undertaken on the regeneration of native forests (pp. 105–106).

6 Senator the Hon Simon Birmingham, Minister for Education and Training, *Proof Committee Hansard*, 22 May 2018, p. 40.

Climate Change Authority

2.19 The committee called officers from the Climate Change Authority (CCA). In her opening statement, Dr Wendy Craik, Chair, drew the committee's attention to recent CCA reports that explored the way in which landholders can improve profitability, reduce greenhouse gas emissions and deliver environmental benefits (pp. 57–58). Other matters discussed by the committee included:

- the CCA's follow-up with stakeholders following the release of their reports (pp. 59–61);
- the potential contribution of various industry sectors to the achievement of Australia's emissions reduction targets (pp. 61–65); and
- the publication of public submissions on the CCA website (p. 65).

Director of National Parks

2.20 The committee called the Acting Director of National Parks, Dr Judy West, and officers. The following matters were discussed:

- zoning of Australian Marine Park boundaries (pp. 25–26);
- the operation of the Kakadu Buffalo Farm (pp. 26–29); and
- oil and gas exploration within Australian Marine Parks (pp. 29–32).

Great Barrier Reef Marine Park Authority

2.21 The committee called officers from GBRMPA. In his opening statement, Dr Russell Reichelt, Chairman, provided the committee with an update on the state of the Great Barrier Reef and the management activities of GBRMPA (pp. 32–33). Other matters discussed by the committee included:

- the recently announced new Commonwealth funding for the Great Barrier Reef and the management of relations between the GBRF and GBRMPA (pp. 32–33);
- GBRMPA's input into decisions by other authorities on proposed developments affecting the reef including land clearing in the marine park catchment area (pp. 40–41 and 43);
- monitoring of the impacts of recent coral bleaching on the Great Barrier Reef (pp. 41–42);
- protection of the hammerhead shark in the marine park (pp. 44–45); and
- interest of the World Heritage Committee in the Reef 2050 Plan (p. 46).

Snowy Hydro Limited

2.22 The committee called officers from Snowy Hydro Limited (Snowy Hydro) and discussed the following matters:

- opportunities for Australian industry and businesses to participate in the Snowy 2.0 project (pp. 4–5 and 9);
- the timeframe for the commencement and the investment required for the project (pp. 6–8);
- the economic modelling in relation to the viability of the project and the cost of energy produced (pp. 9–25); and
- Snowy Hydro's submission to the Energy Security Board's National Energy Guarantee - draft design consultation paper (pp. 25–27).

Communications and the Arts portfolio

Department of Communications and the Arts

2.23 The committee commenced its examination of the Communications and the Arts portfolio by calling officers from the Department of Communications and the Arts. The following matters were discussed:

- the Minister's membership of the Institute of Public Affairs (IPA) (pp. 4–5);
- staff and budget resourcing at the Australian Broadcasting Corporation (ABC) (pp. 7–8, 18–20);
- the timetable for the rollout of the Regional and Small Publishers Jobs and Innovation Package (pp. 9–10)
- the release of the Government's Audio Description Working Group final report and access to the National Relay Service (NRS) (pp. 11–13);
- the announcement that the Government will freeze the ABC's annual funding indexation for three years from July 2019 (pp. 13–18 and 22);
- the Kamay Botany Bay National Park 250th Anniversary project (p. 21);
- complaints about the ABC's programming (pp. 23–27); and
- the departure of NBN Co Limited (NBN Co) CEO, Mr Bill Morrow, at the end of 2018 (pp. 31–34).

Outcome 1: Promote an innovative and competitive communications sector, through policy development, advice and program delivery, so all Australians can realise the full potential of digital technologies and communications services

2.24 Officers from the department were called in relation to Program 1.1: Digital Technologies and Communications Services. Matters canvassed included:

- the funding and construction of mobile base stations under the Mobile Black Spot Program (pp. 18–21, 23–31, 37–38);
- consultation in relation to the Government's Interactive Gambling Amendment (Lottery Betting) Bill 2018 (pp. 21–23);
- the Productivity Commission's report into the telecommunications Universal Service Obligation (USO) (pp. 39–42);

- the cost of the National Broadband Network (NBN) (pp. 42–43);
- NBN Co's decision to suspend the rollout of the Hybrid Fibre Coaxial (HFC) network (pp. 48–49, 55–64);
- use of the NRS by people who are deaf or have a hearing or speech impairment (pp. 49–52);
- obligations under the service provider rules (pp. 52–55);
- funding for the Digital Television Switchover program (pp. 64–65); and
- breakdown of the department's budgeted expenses for Outcome 1 (pp. 66–68).

Outcome 2: Participation in, and access to, Australia's arts and culture through developing and supporting cultural expression

2.25 The committee called officers in relation to Program 2.1: Arts and Cultural Development and discussed the changes to the budget and resourcing of the Australia Council over the last five years (pp. 78–79), as well as the department's support for Australian produced content in the arts sector (p. 79).

Australia Council for the Arts

2.26 The committee called officers from the Australia Council for the Arts (Australia Council). The Minister for Communications and Minister for the Arts, Senator the Hon Mitch Fifield, noted that this would be the last appearance of Mr Tony Grybowski, CEO, before the committee at Estimates and thanked him on behalf of the Government for his 'outstanding service as one of Australia's cultural leaders and chief cultural administrators'.⁷

2.27 The committee also canvassed the following matters:

- the Australia Council's funding and staffing numbers (pp. 74–76);
- support for small to medium arts organisations (pp.76–77); and
- the implementation of reforms from the Australia Council review (p. 77).

Australian Broadcasting Corporation

2.28 The committee called officers from the ABC. In her opening statement, Ms Louise Higgins, Chief Financial and Strategy Officer, outlined the ABC's approach to ensuring public accountability and operational efficiency, noting that:

To improve transparency and accountability, in February the ABC held its first ever annual public meeting. Our objective was to detail how we spend public money, outline our strategy for the future and, importantly, describe ways in which the public service broadcaster can help address important

7 Senator the Hon Mitch Fifield, Minister for Communications and Minister for the Arts, *Proof Committee Hansard*, 24 May 2018, p. 74.

policy challenges. To build on that initiative the ABC board is continuing to adopt public company governance principles in relation to matters such as oversight, ethics, reporting and risk. In addition, we're building an internal culture of disclosure that respects the public's right to be provided with information about the ABC's activities and the positions of key public importance.⁸

2.29 Other matters discussed by the committee included:

- the ABC's budget and operations (pp. 104–107);
- the services provided by the ABC in Tasmania (pp. 107–110);
- the ABC's management of its investigation into the conduct of former ABC employee Mr Jon Stephens (pp.115–116);
- the impact of the Government's decision to freeze the ABC's annual funding indexation for three years (pp. 106, 119–125); and
- the ACMA's finding that an *ABC News* story by its political editor, Mr Andrew Probyn, breached the impartiality provisions of the ABC Code of Practice (pp. 126–129).

2.30 The committee continued its examination of the ABC at the hearing on 24 May 2018 and canvassed the following matters:

- errors and inaccuracies in the company tax articles written by the ABC's chief economics correspondent, Ms Emma Alberici (pp. 3–5, 6–7);
- recent staffing decisions made by ABC management (pp. 5–6);
- complaints in relation to a television story by Ms Alberici about research and innovation spending (pp. 8–11); and
- complaints in relation to public comments by ABC employees (pp. 12–17).

Australian Communications and Media Authority

2.31 The committee called officers from the Australian Communications and Media Authority (ACMA). The committee canvassed the following matters:

- the allocation of resourcing for the ACMA's key strategic priorities for the coming year (pp. 48–52);
- the ACMA's preparedness for the passing of the Communications Legislation Amendment (Regional & Small Publishers Innovation Fund) Bill 2017 (pp. 52–53 and 80);
- the extension of spectrum allocation for low power open narrowcasting (LPON) (pp. 57–58);

8 Ms Louise Higgins, Chief Financial and Strategy Officer, Australian Broadcasting Corporation, *Proof Committee Hansard*, 23 May 2018, p. 103.

- the release of the Exposure Draft of the Radiocommunications Bill 2017 (pp. 58–59);
- the schedule for the rollout of 5G mobile broadband services in regional Australia (p. 68); and
- ABC complaints referred to the ACMA (pp. 79–80).

Australian Postal Corporation

2.32 The committee called officers from the Australian Postal Corporation (Australia Post). In her opening statement, Ms Christine Holgate, Group CEO and Managing Director, provided an update on the strategic priorities and challenges facing the company. Ms Holgate noted that there had been strong revenue growth in Australia Post's domestic and international parcel business; however significant challenges remained, including addressing customer service concerns and the continuing fall in letter volumes (pp. 37–38).

2.33 The following matters were also discussed:

- increasing the share of e-commerce retail sales in Australia (p. 39);
- Australia Post's proposed three-month trial of competitive parcel pricing in some licensed post offices (LPOs) (p. 40);
- the review of the current licence agreement with LPOs (pp. 41–42);
- relocation of the Booragoon post office in Western Australia (pp. 42–44); and
- the closure of LPOs in regional areas (pp. 44–47).

Creative Partnerships Australia

2.34 The committee called officers from Creative Partnerships Australia (CPA) and welcomed Ms Fiona Menzies, Chief Executive Officer. The committee discussed CPA's current budget and staffing costs (pp. 72–73) as well as its *Arts Fundraising Mentorships* program (pp. 73–74).

NBN Co Limited

2.35 Officers from NBN Co were called by the committee. In his opening statement, Mr Bill Morrow, CEO, provided an update on the rollout of the NBN and noted that:

Late last year, we paused our HFC end user activations to allow us to further refine the network. We've recently started opening up this network to the RSPs for new service activations. The further remediated footprint is now of a much higher quality and will provide a better experience for both existing and new end users. The ramp-up of the HFC network will begin

slowly for us so we can monitor the changes we've made and ensure the service is of the quality our customers expect.⁹

2.36 The committee also canvassed the following matters:

- update on the testing and rollout of the HFC network (pp. 81–82);
- the evolution of the multi-technology model for the NBN rollout (pp. 82–83);
- fixed wireless options for the NBN (pp. 85–88);
- NBN Co's 5G trials with networking vendor Ericsson (pp. 83, 89–92);
- the pricing for fixed wireless wholesale bundle products (pp. 92–98);
- update on the rollout of the NBN on the west coast of Tasmania (pp. 99–100);
- NBN Co's third-quarter results for 2018 and average revenue per user (ARPU) targets (pp. 100–102);
- NBN Co's discussions with the Government in relation to options for replacing the HFC network with Fibre to the Curb (FTTC) (pp. 104–111);
- the trial to assist with the cost of updating unmonitored medical alarms when connecting to the NBN (pp. 114–115); and
- the deployment of fibre to the premises (FTTP) in brownfield areas (p. 115).

Office of the eSafety Commissioner

2.37 The committee called officers from the Office of the eSafety Commissioner (OeSC). In her opening statement, Ms Julie Inman Grant, Commissioner, welcomed the announcement of additional funding for the OeSC in the 2018–19 budget and updated the committee on recent initiatives, including the strengthening of the OeSC's investigative ICT infrastructure and the welcoming of new social media services to its cyberbullying scheme (pp. 93–94).

2.38 The following matters were also discussed:

- an update on the status of the Enhancing Online Safety (Non-consensual Sharing of Intimate Images) Bill 2018 (p. 94);
- the implementation and administration of the new civil penalties regime for non-consensual sharing of intimate images (pp. 95–96);
- the development of a national online portal and the processing of complaints (pp. 96–97); and
- the non-consensual sharing of intimate images among vulnerable groups in the community (pp. 99–103).

9 Mr Bill Morrow, Chief Executive Officer, NBN Co Limited, *Proof Committee Hansard*, 24 May 2018, p. 81.

Screen Australia

2.39 The committee called officers from Screen Australia. It was noted that this was the last appearance of Chief Operating Officer, Ms Fiona Cameron. Senator the Hon Mitch Fifield, Minister for Communications and Minister for the Arts, acknowledged Ms Cameron's contribution to the organisation.¹⁰ Other matters discussed by the committee included:

- current funding and staffing numbers (pp. 68–69, 71–72);
- Screen Australia's initiatives in relation to cultural and gender diversity within the screen sector (p. 69);
- the co-funding of the movie project *Ride Like a Girl*; (pp. 69–70); and
- investment in Australian content for children (p. 71).

Special Broadcasting Service Corporation

2.40 The committee called officers from the Special Broadcasting Corporation (SBS). The following matters were discussed:

- the reinstatement of funding in the 2018–19 budget and current operational costs (pp. 82–84);
- the potential for shared services between the ABC and SBS (p. 84);
- the Government's *Inquiry into the Competitive Neutrality of the National Broadcasters* and *National Broadcasters Efficiency Review* (pp. 84–86);
- the SBS's recent programming announcements and its broadcast of the Eurovision Song Contest (pp. 86–90); and
- guidelines around the coverage of contentious historical events (pp. 90–92).

Senator Jonathon Duniam
Chair

10 Senator the Hon Mitch Fifield, Minister for Communications and Minister for the Arts, *Proof Committee Hansard*, 24 May 2018, p. 70.