



COMMONWEALTH OF AUSTRALIA

Proof Committee Hansard

SENATE

ECONOMICS LEGISLATION COMMITTEE

Estimates

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ECONOMICS LEGISLATION COMMITTEE

Thursday, 1 December 2022

Members in attendance: Senators Allman-Payne, Canavan, Dean Smith, McDonald, O'Neill, Sterle, Walsh and Whish-Wilson

INDUSTRY, SCIENCE AND RESOURCES PORTFOLIO

In Attendance

Senator Ayres, Assistant Minister for Trade, Assistant Minister for Manufacturing

Department of Industry, Science and Resources

Executive

Ms Meghan Quinn PSM, Secretary

Ms Jane Urquhart, Deputy Secretary

Analysis and Insights

Mr Jeewantha Karunaratna, General Manager, Resources and Energy Insights

Mr David Thurtell, Manager, Resource Economics

AusIndustry

Ms Kylie Bryant, Head of Division

Ms Kathie Dent, General Manager, Portfolio Program Delivery

Australian Radioactive Waste Agency

Mr Sam Usher, Chief Executive Officer

Ms Jodie Lindsay, Chief Operating Officer

Minerals and Resources

Ms Anthea Long, Head of Division

Mr Andrew Hutchinson, General Manager, Critical Minerals Office

Mr Daniel Quinn, General Manager, Resources Strategy

Mr Matthew Crawshaw, General Manager, Mining and Major Projects

Oil and Gas

Mr Shane Gaddes, Head of Division

Mr David Lawrence, General Manager, Gas

Mr Shane McWhinney, General Manager, Northern Endeavour

Mrs Norelle Laucher, General Manager, Offshore Resources

Ms Joanne Bell, Acting General Manager, National Offshore Petroleum Titles Administrator [by video link]

Committee met at 18:30

CHAIR (Senator Walsh): I declare open this meeting of the Senate Economics Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2022-23 and related documents for the Treasury portfolio and the Industry, Science and Resources portfolio. The committee may also examine the annual reports of the departments and agencies appearing before it. For this additional hearing the committee has set 9 December 2022 as the date by which senators are to submit written questions on notice; and 27 January 2023 as the date for the return of answers to questions taken on notice. Under standing order 26 the committee must take all evidence in public session. 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, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of 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 committees, unless the parliament has expressly provided otherwise. The Senate has resolved also 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 prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. In particular, I draw the attention of witnesses to an order of the Senate of 13

May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

The extract read as follows—

Public interest immunity claims

That the Senate—

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

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

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

(1) If:

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

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

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

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

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

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

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

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

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

(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: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

I ask members of the media to follow the established media guidelines and the instructions of the committee secretariat as set out in the guidelines. Senators' and witnesses', laptops, mobile phones, other devices and personal papers are not to be filmed or photographed. I remind everyone in the gallery they're not permitted to speak or interfere with the proceedings or with witnesses at any point during the hearing. Security is present and they will be asked to remove anyone who does not follow these instructions. Witnesses and senators who are seeking to table documents during the committee's hearings were requested to provide an electronic copy of those documents a day prior to the hearing so that the documents could be circulated electronically during the hearing. Please liaise with the secretariat if you need assistance.

Department of Industry, Science and Resources

[18:34]

CHAIR: The committee now welcomes Senator the Hon. Tim Ayres representing the Minister for Resources. I also welcome Secretary Ms Megan Quinn and officers from the Department of Industry, Science and Resources. Minister, Secretary and officers, would anyone like to make an opening statement?

Senator Ayres: I sense this is my moment to make the chair very happy and say no from me.

Ms Quinn: No, thank you.

CHAIR: Thank you.

Senator McDONALD: Secretary, are you aware of a document produced in October 2022 titled *Estimated impacts of CFPS and associated coal-mine closures*?

Ms Quinn: No, I'm not—not personally.

Senator McDONALD: Chair, I seek to table some excerpts from that document to assist the secretary.

CHAIR: We will table the documents.

Senator McDONALD: Secretary, this is an excerpt from this document. Were you or your department provided a copy of this document?

Ms Quinn: It doesn't have its provenance on here in terms of authorship or where it was published. It's not familiar to me. I will just check with my colleague.

Ms Long: No, I haven't seen this document before. It's not familiar to me either.

Senator McDONALD: Minister, are you aware of a document produced in 2022 titled *Estimated impacts of CFPS and associated coal-mine closures*?

Senator Ayres: I have only seen the reports in today's newspaper. It was on—

Senator McDONALD: It was in the *Australian* yesterday.

Senator Ayres: I got to see it through the medium of Twitter.

Senator McDONALD: Minister, can you provide a copy of this document on notice?

Senator Ayres: The document that you just tabled?

Senator McDONALD: No, this is an excerpt of the document—of the entire document.

Senator Ayres: We'll see what we can do, but it's not a document, as I understand it, within the department. It's possibly—and I'm only operating on the basis of what I read, but it's a document that is not within the capacity of the department to provide.

Senator McDONALD: Secretary, was your department asked to provide any input into the preparation of this document?

Ms Quinn: Not that I'm aware of, but, as I said, I don't know the provenance of this document—where it's come from and who produced it, et cetera. It's unlikely, given the head of my resources division isn't familiar with the document—

Ms Long: I guess I should note that the department undertakes a range of—there are a number of different parts of the department that undertake a range of analysis around industry growth and transition, so it is quite possible that there are parts of the department that have contributed to some of the analysis there. But at this point I think we'd have to take that on notice. I'm not familiar with the document.

Senator McDONALD: All right. Given the document is talking about the estimated impacts of coal-fired power station and associated coal mine closures, I would have expected there would have been input from the resources department into the number of workers and impacts on associated industries and so forth. Would that be—

Ms Quinn: We certainly at different times look at these sorts of issues, but, as for this particular document, I'm not sure. I'm very happy to take it on notice and come back to you in terms of checking all of the different parts that might have been involved. But, as we said, it's not something that is recognisable in this form to us.

Senator McDONALD: All right. Can I ask then that you take on notice that you will check within the department whether or not you've received this document and or provided input into this document.

Ms Quinn: Yes, we'll take it on notice.

Senator McDONALD: Thank you. Secretary, I referred a comment made by Woodside CEO, Meg O'Neill, on a gas price cap as reported in the *Australian* today. Can I provide this document on notice, please, to be tabled. I'm quoting from the article—

CHAIR: The document is tabled.

Senator McDONALD: Thank you. 'I think the fact that nobody knows how this would work would be a proof point that there's not been adequate consultation.' Secretary, what consultation or engagement has occurred between the department and stakeholders within the gas industry on a price cap?

Ms Quinn: I might pass to my colleague Ms Urquhart.

Ms Urquhart: In relation to energy prices, obviously, there is work going on at the moment. A number of ministers have spoken publicly about that work and about a range of options being examined. In fact, I recall that one or more ministers may have said that all options are under active consideration and examination. Our department has been working with the lead agencies on that work—the Department of Climate Change, Energy, the Environment and Water, as you'd expect when it comes to energy matters, and the Treasury. In relation to that work, we are not the lead on that work, so we have been interacting with those two departments about the analysis that they are undertaking.

Senator McDONALD: So we're speaking about the price caps consultation on energy prices, of course. As the lead agency for the resource, have you had consultation or engagement with stakeholders on this?

Ms Quinn: I might just clarify, for the benefit of the committee, that the gas market is actually the responsibility of the department of energy. The department of resources element looks after gas extraction. Obviously, they go together. But, in terms of actual market operation, which would be the mechanisms by which something like a price cap might be imposed, that is likely to sit with the department of energy, through the energy regulations and rules, or the Department of the Treasury through the Competition and Consumer Act. That's why my colleague was talking about talking with them. We're not the only agency involved in these aspects. I just wanted to clarify the responsibilities in the AAOs.

Senator McDONALD: Yes, thank you.

Senator CANAVAN: Just to follow up there, you said your department is responsible for gas extraction?

Ms Quinn: That's right.

Senator CANAVAN: But wouldn't a price cap potentially have effects on the incentives to extract gas?

Ms Quinn: That's right. There are potential knock-on implications. But, in terms of the mechanisms, the operation and the legal foundation for an intervention of that type, that would sit under regulations held or legislation held by others.

Senator CANAVAN: Are you providing advice on the potential impacts or consequences of a gas price cap on gas extraction?

Ms Quinn: We're providing advice on a range of different possible interventions on the regulatory front, so we are engaging in terms of the implications for those areas we've got responsibility for, which includes the industry participants and industry users, as well as the extraction.

Senator CANAVAN: Thank you.

Senator McDONALD: Minister, just returning to Ms O'Neill's quote, what consultation has occurred between the Minister for Resources and stakeholders in the gas industry?

Senator Ayres: Well, the minister has been extensively engaged. I think you asked me at the last estimates about the industry minister's engagement. I was in a position to be able to provide you with some detail about his engagement with gas producers and related organisations. I'm not in a position to be able to provide you with a schedule of the minister's engagement, but she has had extensive engagement.

Senator McDONALD: Could you, on notice, provide that consultation, please?

Senator Ayres: I'll take that on notice, thank you, Senator.

Senator McDONALD: Minister, would you also be able to provide if the minister for energy, the minister for industry, the Treasurer or the Prime Minister has had consultation with gas companies on the potential introduction of a price cap? Again, I'm referring to Ms O'Neill's quote about the proof point of the lack of consultation.

Senator Ayres: To the extent we can insist on notice, we will.

Senator McDONALD: Thank you. Secretary, what consultation or engagement has occurred between the department and stakeholders within the resources sector on alterations to Australia's current taxation policy—for example, a mining tax or changes to the PRRT?

Mr Gaddes: Taxation sits with Treasury, so—

Ms Quinn: Taxation sits with Treasury—yes, that's correct.

Senator McDONALD: Well, again, to Senator Canavan's point, given the impact that it would have on the future investment, development and extraction of resources, is the resources department having consultation with their stakeholders on this important issue?

Ms Quinn: Typically we would work with the Department of the Treasury on this issue. In the past that's my understanding of how it's worked—that they'll be the lead agency on this issue and we would work with them in terms of getting consultation. So we have certainly been working with them in the past on the processes and the reviews that have occurred. I'm not aware of detailed discussions or anything recently, but—

Mr Gaddes: The government's been canvassing the range of options which the secretary has sort of outlined. We have not had any request from partner agencies to consult with industry because, as it stands, it's not currently government policy to either cap the market or to change the taxation regime. So we haven't been asked to consult on implementation details yet.

Senator McDONALD: With an important policy decision like this, and given that there has been—and I think it was Ms Urquhart who made the point that all options are on the table—would it normally be the practice that the government would be consulting—by that I mean the departments would normally be consulting with the most impacted stakeholders, that being the gas companies?

Mr Gaddes: Perhaps I can frame it this way, Senator. It's not uncommon for there to be a whole-of-government conversation about what the government policy will be and then, when that policy decision is taken, we would go and consult with the impacted stakeholders on the implementation of that policy. At this stage the government hasn't made a decision on which path they would like to pursue, so we are not consulting in detail on implementation with the sector. Just to clarify that, we have routine conversations with the sector almost every day, and these things do come up in conversations. When we get the views of industry we pass them into that whole-of-government consideration.

Senator McDONALD: So it would be reasonable to say that you are consulting with industry on the—normally you wouldn't only consult after a decision has been made, particularly given that Ms O'Neill has said, 'I think we would struggle to see new investments be competitive with those sorts of price levels', Woodside chief executive Meg O'Neill said in reference to the price caps. 'And that goes for investments within the Bass Strait joint venture as well as things like LNG import facilities. I don't want to say that's not feasible, but the economics become significantly affected with pricing constraints in place'. So I'm just trying to understand what consultation you would be having with these significant investors on what impact this government's policy decisions or policy options—all these options being on the table. What consultation would you be having with resource extractors?

Mr Gaddes: As I said, no government decision has been taken on the preferred option or options.

Senator McDONALD: No, I appreciate that. But you would, I hope, be providing advice and input to Treasury and to the energy minister on the impact that each decision would potentially have. Your consultations with your resource companies would be critical to allow them to make an informed and good policy decision.

Ms Quinn: I might just frame the question or the answer. Clearly, we are part of the advice process. We draw on analysis and information and our contacts with industry. That's slightly different from what I think you're envisaging, where we go out independent of the government and ask stakeholders about a set of policies that the government is considering. That is not usual practice in my experience. The usual practice is that the government, through a cabinet process, explores options, gets free and frank advice from the Public Service that draws on the intelligence and information that's been gathered on a regular basis, through regular consultations and our internal analysis, and works up options. There's usually regulatory impact analysis, et cetera, around significant decisions. That process kind of happens—the stages and when you engage with stakeholders around how much detail is always a matter for government in terms of at what stage they're at and the processes. As Mr Gaddes has said, there are regular and ongoing discussions between us and potentially affected stakeholders across the range, including industrial users and the resources sector. We willingly receive their views. What we provide back in terms of details is a function of how we work with our ministers through a cabinet process.

Senator McDONALD: I can give you an example in Queensland where a couple of years ago the Queensland government increased gas royalties, as opposed to the more recent increase in coal royalties that has happened in that state. The resource industry has been at pains to point out to me that the gas royalty increase went through quite unremarked upon, because they had the opportunity to engage on what the policy would be and also the opportunity to offset and provide some other issues—get some other issues resolved for industry. That is as opposed to the coal royalty increase, where they were called in and told what the decision would be. I'm just trying to understand the process that you would be using to consult with industry in order to make that frank and fearless advice to the

Treasurer, because this is a very serious issue that particularly this chief executive is making about future investments which affects Australian jobs, Australian royalties and Australian company tax.

Ms Quinn: We've certainly had detailed and ongoing discussions with the gas industry, not least in the most recent processes, through the heads of agreement negotiations and discussion and also the review of the Australian Domestic Gas Security Mechanism. Those discussions talked about what was happening in the industry, what the production forecasts were, what the demand forecasts were and what the marginal cost of production was. We've also got the ACCC inquiry, which asks for information and receives information through their information collection powers. There has been deep and ongoing engagement with the gas industry on supply and price implications as there has been on the industrial user side. So there has been a great deal of discussion around what's happening in the market, what the structure of the system is, who are the buyers, who are the sellers, how do they sell it, when do they sell it, all the obligations, what their contracts are with foreign investors and how their companies are structured. All of that information is available. What you're asking about is precise details of considerations that are before government now.

Senator McDONALD: What I'd like to know, Secretary, is what analysis has the department conducted on the effects of a domestic coal or gas price cap on domestic supply.

Ms Quinn: That runs down to the questions around the time horizon you're looking at. We know that the companies that are exporting, for example, through the heads of agreement have agreed that they have 157 petajoules available for supply into the domestic market. So we don't actually have to do analysis of forecasts. The companies themselves have told us that they have that amount to be able to put into the market to cover the possible shortfall that the ACCC provided advice to the government about. So we know in the near term what the implications are for supply, because the companies have told us publicly through that heads of agreement process.

Senator McDONALD: What about coal? That's talking about gas and, as you said, in the very near term—and I'll come back in my next block about longer term. But what about coal?

Ms Quinn: In terms of coal production, we also know how much coal there is in various reserves and what the production capacity is for companies. It depends a little bit on the type of coal and how they are connected to different parts of the system, particularly the electricity generation system. In the near term, we also know what's available.

Senator McDONALD: But the effects of a domestic coal price cap?

Ms Quinn: Yes. It would depend on the arrangements, the coverage, the length of time and at what level. So there are a lot of different variables. We provide advice on different options and variables, as we would through a cabinet process.

Senator McDONALD: Thank you.

Senator ALLMAN-PAYNE: Barely a few weeks into the Russian invasion of Ukraine, the Morrison government paid Whitehaven for 70,000 tonnes of coal as a gift to Ukraine. Who initiated this measure? Was it the former Minister Pitt or did the proposal come out of the department?

Ms Quinn: I'll pass to my colleague.

Ms Long: The request for coal to Ukraine came from the Ukrainian government. That was considered then by government and it was decided to provide the coal to Ukraine.

Senator ALLMAN-PAYNE: How was Whitehaven selected?

Ms Long: After the Australian government—well, actually, in fact, around the time that the Australian government was approached by Ukraine, the department had been in discussion with coal producers and the Minerals Council of Australia just to understand the broad capacity of the sector to increase coal supplies to the global market. Then, due to the urgency of the situation and the nature of the request, a broad call was made to coal producers to identify potential suppliers that would have the right type of coal that was required and that could provide it in the time frame that was needed.

Senator ALLMAN-PAYNE: So it was a competitive process?

Ms Long: No, it was not a competitive process. The department engaged with various coal producers in the sector.

Senator ALLMAN-PAYNE: Are you able to advise us of which coal producers were approached?

Ms Long: Yes. Whitehaven was identified as the preferred source due to having the coal that was required. An open tender process wasn't used. We obtained an exemption from the Commonwealth Procurement Rules to conduct to the procurement. But I can absolutely take on notice the process that we undertook.

Senator ALLMAN-PAYNE: Because I make the observation that Whitehaven was chaired by the former Nationals leader Mark Vaile. I'm keen to know whether there was any due diligence done around this process, who was invited to apply and how that happened. I guess my next question then is: can you be certain that the payment of public money to a company that makes donations to the LNP and is chaired by a colleague of the minister was appropriate?

Ms Long: As I mentioned, we did do a call-out to understand who had the appropriate coal that was required—the particular quality that was needed—and who was able to deliver in the time frame. It was quite a tight time frame and it was a specific type of coal. Whitehaven Coal was identified as the preferred source and the company that had that.

Senator ALLMAN-PAYNE: Okay, so there wasn't due diligence—there was just a quick call-out, there was a list of companies that you're going to provide us with and Whitehaven was chosen. Are you able to provide us with the criteria that were used to make that choice?

Ms Long: I'll take that on notice, Senator.

Senator ALLMAN-PAYNE: Okay. How much did the Commonwealth pay Whitehaven for the 70,000 tonnes of coal?

Ms Long: The Australian government paid \$33.4 million for the purchase and delivery of the coal.

Senator ALLMAN-PAYNE: Which is slightly more than the spot price at the time. Who covered the shipping costs, the government or Whitehaven?

Ms Long: It was Trafigura that was a supplier of the trading brokerage services. I can give you a breakdown in terms of the total contract price. There was an inclusion in relation to the price of the coal and then there's freight and insurance, but we did do due diligence on the price of the coal. The contract and the price paid was in line with the futures index price of coal for that particular quality at the time.

Senator ALLMAN-PAYNE: Just to clarify, though, who paid for the actual freight?

Ms Long: The Australian government paid for the freight.

Senator ALLMAN-PAYNE: And did that come out of the foreign aid budget or did that come out of the department's budget?

Ms Long: That was out of the department's—I don't believe it was the foreign aid budget. That was from the department within the portfolio.

Senator ALLMAN-PAYNE: Thank you.

Senator McDONALD: Secretary, just returning to this issue of the advice from the department on the effect of a domestic coal or gas price cap on supply, you spoke about short term and you spoke about a number of variables. I'm just trying to understand that the decision-making process is complete and that the resources department is being asked to provide information on what would be the effects of these potential policy decisions on future investment on coal and gas.

Ms Quinn: You're asking me about whether the government has completed its deliberations on policy?

Senator McDONALD: No, I'm asking if the resources department is being asked to provide advice on the impacts of a range of decisions—a range of outcomes of those decisions, particularly around the effects on domestic supply, future investment and domestic supply of coal and gas based on price caps.

Ms Quinn: We are working with others on those questions. So it's not just us; we are working with others, such as the department of climate change, Treasury and the ACCC. It's a joint effort. But we are working with them on assessing the implications of different policy options in the broad, including possible implications of different decisions on supply, demand, prices, pass-through, impact on electricity prices and the whole suite of different implications.

Senator McDONALD: Are you consulting with industry—with companies who make the investment decisions on their sensitivity to investment decisions following different policy decisions, specifically around domestic coal or gas price caps?

Ms Quinn: We have—I'm happy to reprise the previous answer. We're drawing on material that we have obtained from companies through different processes—our own plus the ACCC's processes, plus the Treasury's processes. We're drawing on that information from them. Are we in consultations right now: the answer is no, not right now.

Senator McDONALD: Okay, and I guess that's reflected in Ms O'Neill's comments about the proof point of the lack of consultation with the companies. Those investors don't feel that they've been part of that consultation

process. I think we can—that's a clear message from that article. I won't ask you to comment on that. I think that's clear from what the companies are saying. Secretary, I refer you to reporting in the *Australian Financial Review* about analysis conducted by EnergyQuest. I seek to table that document. This article highlights that 19 years of potential gas supply—39,000 petajoules—would remain commercially stranded and in the ground if a price cap held prices around the level that they were at last year. Is this representative of the department's analysis?

CHAIR: The document is acceptable to be tabled and it's been tabled.

Ms Quinn: I would have to see the analysis and draw on my experts to understand the implications and the assumptions of it. It's clearly the case that, if you were to change the prices at different levels, it would have different implications. It would depend on the assumptions that you applied. If you set the price of any commodity below its extraction price then it will have an impact on supply. If you set the price above the marginal cost of extraction then it's less likely to have an impact on supply. So clearly it matters in terms of—and the length of time at which you might set different prices. So it very much depends on which aspects—

Senator McDONALD: Secretary, do you have—I'm sorry to cut you short, but we are limited by time tonight. Do you have somebody—an adviser or a department official—who has the capacity to comment on the EnergyQuest review data?

Senator Ayres: Officials of the department are being helpful to the extent that they can be.

Senator McDONALD: Yes, and that's my question, Minister. Is there anybody here who would have the capacity and the understanding to have read this document and made analysis?

Senator Ayres: Yes, I think that at a point not very far from this point you kind of butt up, in the questions, against the cabinet process that's been undertaken at the moment.

Senator McDONALD: No, I wouldn't have thought so, because—

Senator Ayres: There is a limit to—

Senator McDONALD: there's a publicly available document

Senator Ayres: Yes.

Senator McDONALD: and I imagine that there would be department officials here who have read it and are familiar with the assumptions. It's a publicly available document. It's not a cabinet document. I'm seeking to understand the capacity and the advice that the department is able to make and, I hope, being drawn on by Treasury and other ministers.

Senator Ayres: But it's not—officials of the department can't answer questions if they're matters of opinion.

Senator McDONALD: No, I'm certainly—

Senator Ayres: And officials can't answer questions that go to a cabinet process.

CHAIR: Senator, I'm just trying to catch up with the various documents that you're using and tabling. You've tabled an article.

Senator McDONALD: I've tabled an article which refers to EnergyQuest's review of gas cap pricing. I'm happy to table that document as well.

CHAIR: Excuse my ignorance. Who is EnergyQuest?

Senator McDONALD: EnergyQuest is an independent industry analysis of the gas market. It's prepared by APPEA. This is a well-known group within the gas sector.

Senator WHISH-WILSON: They're not independent.

CHAIR: Sorry, let's not open it up for a discussion. Apart from what I asked you, you're asking the officials here to comment on a document that's been produced external to the department at the moment?

Senator McDONALD: Yes.

CHAIR: You can answer that question however you would like.

Senator Ayres: I can't see how an official, even one with direct knowledge of that document or the department's analysis, can answer a question about a third-party document.

Senator McDONALD: Look, it's an expert piece of analysis. I'm trying to understand the department's capacity to make advice on this serious policy matter to government. I'm seeking to understand if the department has knowledge of this report. Do they have knowledge of this report—the EnergyQuest analysis report?

Mr Gaddes: We were sent a copy of that document today by APPEA. We thank them for it. We will read it and analyse it, and it will inform our consideration of the various policies that government is currently considering.

Senator McDONALD: In the *AFR* document, which you've just received a copy of, the data refers to 19 years of potential gas supply—39,000 petajoules—that would remain commercially stranded in the ground if a price cap held prices around the level they were at last year. Does the department have analysis internally that would confirm that sort of data? Could you take that on notice?

Mr Gaddes: We could take it on notice, because we've only received it today. We'd have to go and have a look at it. I'm not familiar with what the settings are and the assumptions in that report and how that would align with what government's currently considering. So it would be a complete hypothetical.

Senator McDONALD: I'm not asking you to comment on what the government's considering in that case; I'm asking you to consider this statement and align that with your own analysis of the gas supply and investment into future production.

Mr Gaddes: So are you seeing a peer review of that?

Senator McDONALD: No, I'm asking you for—whether or not the department has an analysis within the department that would allow you to confirm or otherwise that kind of statement.

Mr Gaddes: I'll take that one on notice.

Senator McDONALD: Thank you. Secretary, what analysis has the department conducted on the effects of domestic coal or gas price caps on coal or gas, on investment certainty and on sovereign risk?

Ms Quinn: That is part of the consideration in terms of thinking about the structure of the industry and what different policy options would have on contracted, uncontracted and future investment decisions, et cetera. That is part of the policy considerations that we've been working with others to provide advice on. We would be drawing on the material once again that the companies provided us, particularly in the gas sector through the heads of agreement processes and the Australian domestic ADGSM. On the coal side, there is also publicly available information. The coal side is more complicated because there are many more producers, different types of coal, different access to international markets and domestic markets, et cetera. So we do look at that. We have the information available to us. Clearly, it's the same question that we had before. If the price was set lower than the marginal cost of extraction, that would have implications for investment certainty. Australia is considered by international investors as a safe place to invest. It's important that those regulatory regimes are consistent with lowest cost of capital. We do draw on international capital as part of our extraction industries, not just in the coal and gas, but others.

Senator McDONALD: Excuse me to interrupt you again. You said that Australia is considered a safe place to invest and yet coal and gas companies are telling me that is no longer their view and they are starting to come to the view that the uncertainty of policy levers that are being considered and policy decisions that have already been made at a state level are meaning that they are looking at investing in other jurisdictions. When you consult with gas and coal companies, I assume that you're receiving that sort of feedback?

Ms Quinn: It's clearly the case that the international energy markets are going through a significant shock. The price rises for oil and gas in recent times sparked by the invasion of Ukraine by the Russian government have significantly impacted the energy markets. It's the case that there are regulatory actions happening across the world in terms of extraction, in terms of taxation, in terms of impacts on energy markets themselves and in terms of impacts on households and business. There is a lot of policy action elsewhere. When we talk to companies, we ask them about those as well as different options here in Australia. There are also other countries that have different regulatory regimes in terms of domestic reservation policies and all the rest. So it's a relative assessment in terms of investment certainty. I would say that there's a great deal of uncertainty across the globe in terms of policy settings. Every country is responding to the common international energy shock.

Senator McDONALD: And Australians in particular, because we are most interested in Australia here.

Ms Quinn: Yes. Australia does have a situation where we've got—we're an exporter of both gas and coal, so we're in a slightly different situation than some of the importers. We have actually some more degrees of freedom in terms of our policy options than just pure importers, and that's a factor that we have to consider.

Senator McDONALD: All right. Secretary, what analysis has the department conducted on the effects of domestic coal or gas price caps on energy generation?

Ms Quinn: Energy generation is the domain of the department of energy. They take that forward.

Senator McDONALD: Okay, thank you. I'll leave that one there. I now seek to table another document, which is with reference to an article in the *Australian* yesterday, 'States revolt over Anthony Albanese's plan for coal price caps', which stated, 'Credit Suisse on Wednesday warned a potential price cap of \$11-\$13 a gigajoule on domestic

supplies would boost the risk of an electricity blackout in 2023'. Secretary, does this reflect the analysis of the department?

Ms Quinn: As I mentioned, the electricity generation implications of policies are the domain for the Department of Energy, Climate Change, the Environment and Water. The energy market does depend on the price of coal and gas, transmission and all sorts of other components. It is important to look at the relative prices of different electricity generation and understand the implications. That is work that the Department of Climate Change, Energy, the Environment and Water have been looking at.

CHAIR: Senator McDonald, that document is accepted as tabled. I'll go to Senator Whish-Wilson after you've asked your questions on this theme of this document.

Senator McDONALD: Well, I think that the Secretary has just said that they're not doing any analysis on the risk of electricity blackouts. They're referring all of that analysis to the energy department. Is that a fair appraisal?

Ms Quinn: That is their responsibility. We're clearly working with them jointly. Different areas have different areas of responsibility and the electricity generation sector is theirs, along with the regulators in the electricity sector, such as the Australian Energy Regulator and AEMO.

Senator McDONALD: Thank you.

Senator WHISH-WILSON: I just have questions for the Critical Minerals Office. Mr Hutchinson, the environment minister has recently set up or appointed a working group on circular economy, which he announced on 25 November—so just recently at a conference in Sydney. I was just wondering if your office was hooked into that working group at all—or if you're aware of it. Perhaps that might be a good place to start.

Mr Hutchinson: I am not personally aware of that group. However, as Minister King has noted in her previous comments, ESG engagement with First Australians and net zero are going to be key focus areas of the new Critical Minerals Strategy. So we'll be working closely with Department of Energy, Climate Change the Environment and Water on those sorts of issues.

Ms Quinn: I might just note that the department as a whole was aware of the process and the intention to look at the circular economy because it touches on both the industry and the resources side of the portfolio.

Senator WHISH-WILSON: Thanks, because obviously this is the key area the government's promoting for growth and innovation. CSIRO recently put out a research paper. It's issue 288—Water and Food. It's called 'Critical and rare: the minerals Australia can supply the world'. It goes on to talk about the importance of recycling with rare earth minerals. They basically say we should be looking at a whole value chain approach, and the circular economy approach is absolutely necessary to reduce environmental impact and to ensure we've got the minerals to enjoy in the future. How big a part of the strategy is circular economy and recycling?

Mr Hutchinson: Thank, Senator. Obviously, the strategy is yet to be developed. However, recycling but also broader ESG considerations in the circular economy are a key focus not only in Australia but globally, particularly in markets like Europe and the US. Depending on the mineral and the application, obviously the opportunities for recycling vary. I would commend CSIRO's work, not just in the report you've mentioned but also in an earlier report launched last year on critical energy minerals, which has a strong focus on this. In Australia we would like to see ourselves occupy as much of the value chain as we can. It's more jobs, it's more growth and it's more value for the Australian people. Recycling can play a role not just at the end product—the magnet, as you've said—but also in the intermediate stages of processing. We'll be looking at those depending on the value chain as we go.

Senator WHISH-WILSON: That same CSIRO report noted that we don't have a rare earth recycling capacity at all in Australia and that's something that we'd like to see. Would that be something that will be on your radar in the development of your strategy?

Mr Hutchinson: As I said, we'd like to look at opportunities at all stages of the value chain. That would be a key one. I note that we don't have those recycling capabilities here because we don't actually have capabilities very far down the value chain for rare earths at all at this point. However, that's something that we would like to look at. There would be a time and a place at which that recycling becomes economically viable. There'd be considerations around—you'd need a critical mass of product to recycle and you'd need to be pretty close to the market for the endpoint in order to cost-effectively gather that as well. But all of those things are of interest to the government.

Ms Quinn: I just note that Mr Hutchinson is talking about the Critical Minerals Strategy, but the department is also working through a battery strategy, and the two need to go together because what's—

Senator WHISH-WILSON: Do you mean in terms of a batteries, products and chips strategy?

Ms Quinn: No, in terms of what needs to happen in the industrial production side for Australia to be able to produce all the elements of a battery and what types of batteries, for what purpose, et cetera. That's an election

commitment to look at battery making within Australia. That goes together, obviously, with the inputs and then the industrial processes, including the skills capability. So the recycling goes to both strategies.

Senator WHISH-WILSON: On that point, I suppose, more critically, the design of manufacturing or whether batteries or other products involving critical minerals—70 per cent of the environmental footprint of the product is generally incorporated in its design principles. So is that going to be something that you're going to be focused on in terms of your—how big is your budget?

Ms Quinn: For the strategy or the—

Senator WHISH-WILSON: Well, for promoting the—

Mr Hutchinson: Senator, there are a few questions there.

Senator WHISH-WILSON: I'll let you break those down.

Mr Hutchinson: No worries at all. I guess I'd just reiterate that idea of recycling these minerals and achieving a circular economy is crucial. It will be a focus of the strategy. Quite frankly, we won't have enough of these materials globally to make the clean energy transition cost-effectively unless we consider not just new supply but also recycling and engineering solutions to use them more efficiently.

Senator WHISH-WILSON: Engineering as in design level improvements?

Mr Hutchinson: Absolutely

Senator WHISH-WILSON: You need to use less—

Mr Hutchinson: Yes, exactly—so engineering to use less. For example, battery technologies are using less of cobalt these days than they were some years ago. There's more efficient use of cobalt. But also, and I think this was the point you were going to, although I don't wish to put words in your mouth, one can engineer these technologies at the manufacturing point to make them easy to recycle. Things like the European battery passport have a focus on those sorts of principles. That engineering piece would probably apply more at the manufacturing and component assembly stage than it would at the raw materials processing and precursor stages of, for example, battery materials. But, as I said, it will be a focus of the strategy. The strategy will necessarily be a reasonably high-level document. It'll be about ensuring that these issues are on the table and that the incentives line up for that. Your question on how big is the budget—do you mean for the strategy itself?

Senator WHISH-WILSON: For your group.

Mr Hutchinson: I can give you a breakdown of the Critical Minerals Office budget, Senator.

Ms Quinn: I just note that it's not just critical minerals, though, looking at this issue. It's also our industrial policy area in terms of the batteries. It's also the case that in the National Reconstruction Fund one of the priority areas is looking at technologies to support a low-emissions future, which has the potential to look at these issues as well.

Senator WHISH-WILSON: Yes. I'd also be keen to know whether the advisory group, as I mentioned earlier, that's been set up—the circular economy advisory group—has got an intersection with your—

Ms Urquhart: It might also be worth pointing out that there are projects that may be of interest to you under the Critical Minerals Development Program that go to recovery from mine waste of different rare earths.

Senator WHISH-WILSON: Yes, I've got a couple—I've got three or four articles printed up on that in terms of the chemicals. I understand that it's pretty well accepted that the mining of these minerals is not environmentally sound in terms of the volume of earth that has to be moved. I won't put any metrics on that, because I'm not exactly sure. So there are other ways that have been looked at for how to extract those minerals. Can you include that in a circular economy frame?

Ms Urquhart: Senator, at least one project that I can cite puts up to 5.24 million to a project to develop modular reprocessing technology. So there are some interesting opportunities through that program—

Senator WHISH-WILSON: For waste at the mining level?

Ms Urquhart: Yes. And the program really does allow the government to, I guess, focus in on both its climate interests and the transition, as well as some of the associated—what we would call ESG considerations.

Senator WHISH-WILSON: Okay. I'll put some more questions on notice. It's just that obviously the critical minerals are going to be critical for batteries and the transition to the zero carbon future. I was recently at Bedourie, just outside Birdsville, and I got into a conversation with a guy there about electric cars. Of course, he had been swallowing the codswallop that's put out by Sky News and others about how these future technologies aren't environmentally sound, they can't be recycled and you can't be a greenie or a conservationist if you drive an electric car. So I do think there's really a frame out there about the circular economy.

Senator CANAVAN: What percentage of batteries are recycled?

Senator WHISH-WILSON: This was on my holidays. This is where I get it from. I was on my holiday having a discussion about—it is an issue I think. I hope the ministry takes a leadership role in designing recycling and circular economies. Being in the environmental, I suppose, frame, it's really important that it does that. So I'll put some more detailed questions on notice. Thank you.

Senator CANAVAN: I'm just following on from some of my colleague Senator McDonald's questions. I just want to work out first, though, the current structure of what used to be called COAG. It's been a little while and there's been some change since I've been involved. But is it still the Energy National Cabinet Reform Committee? Does that still exist?

Ms Quinn: Not that I'm aware of.

Senator CANAVAN: So that's gone? There's a website here that says—well, how does resources fit in these days—

CHAIR: As discussed, Senator Canavan, you may not have been in the room, but unfortunately I've got to call a recess. We shall return.

Proceedings suspended from 19:28 to 19:52

CHAIR: We will resume.

Senator DEAN SMITH: Thank you, Secretary and officials, for making yourselves available this evening. Secretary, in response to some questions from Senator McDonald this evening, you talked about working with others and the Treasury and ACCC around gas market issues. The context of that discussion or consultations—is that the 22 October letter from the Treasurer to the chair of the ACCC?

Ms Quinn: The ACCC has had an ongoing inquiry into the gas market. We've had ongoing engagement with the ACCC for a long time as a department, particularly around what's happening in relation to the domestic gas supply mechanism.

Senator DEAN SMITH: And the product or outcome of that is the reports that are issued by the ACCC on their websites?

Ms Quinn: That's right. They have their process and they provide their regular updates to the public through their reports. The letter you refer to, I believe, is the Treasurer asking them to look at some particular matters and that's part of their ongoing processes. We were talking to them prior to that letter and after that letter.

Senator DEAN SMITH: Right. I'm interested to talk to you about the discussions and work the department has done in the context of that letter. I might ask for that letter to be distributed, because it is cc'd to Minister King.

Ms Quinn: That's correct.

Senator DEAN SMITH: Can you detail for us the work that the department has done and the consultations that have been undertaken in the context of this specific request of the Treasurer to the ACCC chair, which is cc'd to Minister King?

Ms Quinn: I'm going to pass to my colleague Mr Gaddes in terms of the actual discussion. I'm aware that there have been meetings with the ACCC. There have also been meetings with colleagues, consulting with the industry jointly with the ACCC. I'll just pass to Mr Gaddes. The letter is around the code of conduct process.

Mr Gaddes: As the secretary mentioned earlier, we've been working across government on a range of different matters to address the energy prices that have resulted after the Ukraine war. This is a part of those consultations.

Senator DEAN SMITH: Except that this letter talks about a deadline when those consultations need to be reported back to the Treasury.

Mr Gaddes: This was a task which was given to the ACCC, not to the department.

Senator DEAN SMITH: No, it is cc'd to the minister. I'm assuming that means there's a level of involvement—and the secretary is nodding in agreement—a degree of involvement by the department. So I'm keen to understand if there hasn't been any.

Mr Gaddes: There have been probably too many meetings over the last few months within government to outline as the government works through all of the options, including the code of conduct.

Senator DEAN SMITH: Too many to outline before Senator McDonald, Senator Canavan and me tonight or too many in general? Can you take it on notice?

Mr Gaddes: We can take it on notice. It would be a long list of meetings that would come from people's diaries for all of the meetings that we've attended to discuss—

Senator DEAN SMITH: Senator Ayres will find it very comforting that there's been a high level of consultation and discussion. If you're able to provide that on notice for us, that would be very valuable. But at a high level, but not too high, you might be able to share with the committee now what those consultations and discussions have involved and with whom.

Ms Urquhart: In terms of the content of those meetings, inevitably we get close to matters that are under consideration by government. Inevitably, if we start to talk about the content of those meetings, we start to talk about particular analysis of options that are under consideration by government.

Senator DEAN SMITH: Only if we get into a detailed granular level. So let's start with who has been consulted. Let's start with discussions at a high level.

Ms Urquhart: Senator, I think you may not have been in the room when I outlined that—

Senator DEAN SMITH: No, I've been in the room since we began.

Ms Urquhart: I mentioned before that, in relation to energy prices, the Department of Climate Change, Energy, the Environment and Water are leading the process, working together with the Department of the Treasury. Then, when we talked further, we got into discussion about consultation. When it comes to leading consultation in relation to that process, this department has not been leading consultation. Mr Gaddes has talked about how we talk to gas producers, for example, among other stakeholders every day in lots of ways. If it's not in relation to particular matters, it will be engagement with stakeholders that's as much about staying in touch with them and about the issues they're dealing with. So it's difficult in that context to speak to specific consultation, because we've not been specifically consulting on that matter. However, we have been consulting specifically on the reforms already announced around the Australian Domestic Gas Security Mechanism. The secretary mentioned before some of the discussions that have been had with producers around the heads of agreement, so there has been quite considerable engagement in that regard by this department.

Senator DEAN SMITH: I'm interested—

Ms Quinn: I am about to go to the link to the particular letter you're talking about. The letter is asking the ACCC to look at the code of conduct that's in place—the voluntary code of conduct for negotiation and development of gas supply agreements between gas suppliers and gas customers in Australia. That voluntary code of conduct was attached to the heads of agreement that was negotiated between Minister King and the three LNG export companies. This department was heavily involved in supporting Minister King as part of her engagement with the gas companies for that heads of agreement, so that did include detailed discussions.

The ACCC was also a party to some of those discussions leading up to the heads of agreement. This letter asks the ACCC to look at that voluntary code of conduct which was negotiated separate to the heads of agreement and earlier, and to look at how it's operating and what would the ACCC advise that needed to happen between the voluntary code of conduct if you were to make it mandatory. The gap between voluntary and mandatory codes typically goes to enforcement mechanisms, because voluntary codes don't necessarily have all the enforcement mechanisms in them as mandatory codes. So the ACCC was tasked with that advice. We were certainly part of the discussions with the ACCC in terms of passing on knowledge that we had as a department from the discussions in the heads of agreement. Also, potentially, codes of conduct could go to matters around supply or matters around behaviours in the industry. So on that side we would also have some intelligence and discussions with the ACCC. We've taken it on notice to provide more details about the timing and who and when those meetings happened. I'm happy to provide that information or have a look to see in terms of providing it on notice.

So the short answer is that, in terms of the code, there was a voluntary code that was negotiated between industries. That was stapled to the back of the heads of agreement, which this department supported Minister King on. There was a reform process for the Australian Domestic Gas Supply Mechanism, which this department was heavily involved in. The world moved on somewhat. The Treasurer tasked the ACCC with looking at what would need to happen to turn a voluntary code of conduct into a mandatory code of conduct, and they were the lead on that process.

Senator DEAN SMITH: To assist with this long list of consultations, Mr Gaddes and Secretary, if you could provide details of the meetings and discussions that the department had with the ACCC, that would prove very valuable. So it's the dates and who attended from your department. That would be helpful. Secretary, everything you have said is absolutely correct, but it's not complete. The second sentence in the third paragraph says, 'This advice should include options to improve the effectiveness and operation of the code of contact that will improve price transparency and better define a reasonable offer, including consideration of reasonable prices'. The next paragraph says, 'In addition to the examination of the code of conduct, I request that the ACCC consider and provide advice to my department on other steps to improve the functioning of our east coast gas markets'. So, in regard to

the consideration of reasonable prices and the other steps to improve the functioning of our east coast gas markets, has the industry been providing advice and engaged with the ACCC around those matters also?

Ms Quinn: As to the ACCC's engagement with companies, you should ask the ACCC because they may well have done things outside our—

Senator DEAN SMITH: No, sorry, I'm just—around those issues, has your department been engaging with the ACCC?

Ms Quinn: The voluntary code of conduct included elements around price transparency. Those elements have been on the table for some time. The heads of agreement also includes information around price transparency and the heads of agreement also provides some anchors around considering price, including reasonable prices. I'll just check the exact language in the heads of agreement.

Mr Gaddes: The heads of agreement has three broad elements. One is a benchmark price, which is the LNG netback price. The second element is the cost of production. They'll have to give a consideration of the cost of production. And the third element is—I'll come back to you on that one later. There are a number of elements in there. Sorry, the third one is a pricing principle that Australian consumers should not pay more than overseas consumers. There are three pricing elements in the heads of agreement.

Senator DEAN SMITH: Has this process been completed?

Ms Quinn: This is about ACCC providing advice to the Treasurer. That'd have to be a matter for the ACCC and the Treasurer. I'm not sure whether it's completed per se. I'd have to check with them.

Senator DEAN SMITH: Has the department been involved in any discussions on this matter in the last week?

Ms Quinn: We have had discussions with the ACCC in the last week, yes, on issues related to the gas market.

Senator DEAN SMITH: Okay—but in regard to completing this particular task?

Ms Quinn: I don't actually know whether it's specifically related to this specific task, because I'm not quite sure about the timing of their deliveries, et cetera. It's not a kind of linear process in that the ACCC may well have provided advice to government, but the ACCC has expertise and knowledge which has been drawn on for some of our input.

Senator DEAN SMITH: Mr Gaddes, are you familiar with whether or not this process has been completed?

Mr Gaddes: Whether or not the final advice has been provided or steps along the way?

Senator DEAN SMITH: Sorry—whether the final advice has been provided or—

Mr Gaddes: whether or not they have spoken to the Treasurer along the way? Often when you go through these processes—

Senator DEAN SMITH: I'm curious to know whether or not the time line that's listed at the very end of the letter has been met: 'I request the ACCC provide advice on this matter to my department by mid-November 2022 and continue to work closely with my department as it prepares recommendations'.

Ms Urquhart: It seems to me that's a question that only the ACCC or the Treasury could answer.

Senator DEAN SMITH: Have you been involved in any discussions with the ACCC in regard to this matter over the last week?

Ms Urquhart: We have lots of discussions with the ACCC.

Senator DEAN SMITH: On this matter—on the requirement to fulfil the requirements of the 22 October letter.

Ms Urquhart: So the letter—I have been in no meeting with the ACCC where this letter has been referenced. I have been in at least one meeting with the ACCC in the last week. My colleagues will equally have been in meetings with the ACCC. If we were to answer that explicitly in terms of reference to the letter and its contents, we would need to take that on notice.

Senator DEAN SMITH: If you could take it on notice, that would be much better.

CHAIR: Senator Smith, we had a spillover of Treasury on Monday night where these questions were asked.

Senator DEAN SMITH: Of the Treasury, yes.

CHAIR: It's my recollection that Treasury said that they had received the advice.

Senator DEAN SMITH: That's my recollection as well. That's right. I was just road-testing it with this department. What queries, if any, have gas producers made of the department, given that there has been a lot of media speculation about matters in regard to the gas market and gas industry? What is the nature of the queries that industry has raised with the department of resources and what has your response been to them?

Ms Urquhart: The focus of our engagement with stakeholders has been on progressing the ADGSM reforms that have been announced. As you might imagine, and in the course of those conversations, I'm sure that there has been commentary from industry about the energy price discussion, which is the debate that's going on publicly, as well as the work that we're doing. As we indicated earlier, we obviously value that opportunity. Every time we touch with industry, we value the opportunity to hear from them. With the stakeholders that we've been engaging with on the ADGSM reforms and on the heads of agreement negotiations, we've carefully considered views that we've been hearing from them and equally doing so in respect of the work that we're participating in with the department of climate change and the Treasury and the ACCC and others all around the energy prices work as well. We hear input from gas users, producers and international trading partners. The general public also were very active in relation to ADGSM reforms. In fact, we had a process where we had some 60 written submissions from 57 different stakeholders as part of the ADGSM review. We also met through that process with gas users, producers and international trading partners. I guess what I'm trying to do is give you a picture that we have been involved in quite extensive formal and informal consultation as part of that work. That work has overlapped, I guess, with the work that's been going on in energy prices. So I imagine—well, I don't imagine; I know—that there have been discussions where industry have raised some relevant matters with us.

Senator DEAN SMITH: I'd be interested to know, on notice, what are the issues that have been raised by industry with you over the last two weeks. When were those issues raised? What was the mechanism? Was it a phone call? Was it an established stakeholder consultative mechanism and, if so, what? So it's the nature of the inquiries, who made the inquiries, and when the inquiries were made, over the last two weeks. If I could have that on notice, it would be much appreciated. Thank you.

Senator Ayres: They will take it on notice. There's got to be—there's an issue here where the department will have to consider how that relates to the cabinet processes.

Senator DEAN SMITH: I think there's a reputational issue here for the government, because some very significant companies and prominent CEOs have given the government a black mark.

Senator Ayres: I think that the department has been quite forthright about the kinds of discussions that are going on. I'm just sounding the warning bell that we are operating a careful cabinet process here, deliberately, that will have an outcome that will be there for everyone to see. I understand the questions that you and your colleagues are asking. I just want to be open at this stage that there's a point at which the answering of the questions cuts into that. I'm open to submissions about that.

Senator DEAN SMITH: I'm confident the department—

Senator Ayres: But it's not for me to decide. I just note that at this stage.

Senator WHISH-WILSON: Can I ask a couple of questions to NOPTA? Then I've got some general questions on the Offshore Petroleum Exploration Acreage Releases.

Ms Quinn: Our NOPTA colleagues are joining us by video.

Senator WHISH-WILSON: Thank you. Can I ask about the application by Schlumberger TGS for a Special Prospecting Authority, SPA, to conduct 3D seismic testing in the Otway Basin? I understand it's currently pending approval by NOPTA on the basis of further information being required. Can you tell us what information you're requiring to complete that approval?

Ms Bell: You're correct. That's waiting on further information. We're waiting on the environment plan process to go through. Once that goes through, the application will be back to under assessment and the applicant may refine its application.

Senator WHISH-WILSON: Okay. Are you able to verify if this is the single biggest acreage seismic testing program in Australia's history? It's 7,700 square kilometres.

Ms Bell: I believe it's actually the WestraliaSPAN 2D seismic survey that was conducted around 2013 that was the largest, but I can take that on notice for you.

Senator WHISH-WILSON: Great. I'm just interested—I asked some questions of NOPSEMA a few weeks ago around an investigation they're doing into Schlumberger's 2019 seismic survey. Will you hold off approving the SPA until NOPSEMA has completed its investigation? Does that play any role at all in your assessments?

Ms Bell: No, that's a separate process—independent.

Senator WHISH-WILSON: It's independent. But are you aware of the reason that they're investigating Schlumberger TGS?

Ms Bell: NOPSEMA has been in contact with NOPTA, yes.

Senator WHISH-WILSON: And would that have any bearing on your assessment?

Ms Bell: No, the legislation is quite clear around the assessment criteria and it doesn't include those matters.

Senator WHISH-WILSON: Okay. I might put something more specific to you there on notice. I'm just interested in the—and I ask this to NOPSEMA as well. In terms of the Federal Court decision on the Tiwi Islands, has NOPTA done any work on how it's going to ensure better consultation with traditional owners in the future—or perhaps not how you might but how your companies applying for—

Mr Gaddes: As you might be aware, that particular matter is currently still before appeals court, so we're awaiting the results of that. Depending on the outcome of that appeal, there may need to be some changes to the policies around engagement with traditional owners or relevant people under the act, but it's too early to tell you until the appeal's been resolved.

Senator WHISH-WILSON: Okay. That is pretty much is what I got off NOPSEMA as well. I understand that NOPTA alone can approve a SPA without input of the joint authority. Is that correct? Is that common?

Ms Bell: That's correct. Under the legislation it's a titles administrator decision.

Senator WHISH-WILSON: Okay. But is it common that you would do that or that you would work with the joint authority for approvals of SPAs normally or would that not occur at all?

Ms Bell: No, it's a titles administrator decision.

Senator WHISH-WILSON: Okay. Just as a matter of interest, the SPA—could you explain to me how that fits in with the National Offshore Petroleum Exploration Acreage Releases? I know we get annual acreage releases. Is the area there that is being applied for under the SPA part of a previous acreage release?

Ms Bell: I might defer to the department on that, but the area that's been applied for may be refined, so we probably don't have the full extent of the area at the moment.

Mr Gaddes: Maybe, Senator, just to help you, we might take that one on notice and track back through the history of that area and whether or not it was acreage release that's gone through into another process. Sometimes the history of some of these areas around acreage release is that they go quite large and then the titles get cut up and then they get re-released. There can be a series of overlapping processes.

Senator WHISH-WILSON: That was actually what I was getting into in terms of the acreage releases. Just for my understanding, what's the role that NOPTA plays? They're industry nominated. They then go to a process where there's like a work program—a bidding work program is conducted by potential oil and gas companies or seismic companies that are interested. What's your role in administering that process?

Mr Gaddes: NOPTA or the department?

Senator WHISH-WILSON: Well, both. I'll rephrase it. Who administers that?

Mr Gaddes: I might get Mrs Laucher to walk you through the process for acreage release because it cuts across two different parts—NOPTA, which has an independent role under the legislation but is a branch within the department; and the Offshore Resources Branch, which runs some of the process as well.

Mrs Laucher: With that acreage release process, it begins with a call to industry to nominate areas in which they may consider would yield commercial discoveries of oil and gas or have sequestration potential. For those nominations, companies have to show a genuine intent to explore the area or they need to have suitable data available to be able to facilitate exploration. We then—

Senator WHISH-WILSON: That's part of the bidding process, is it? They've got to show for example—

Mrs Laucher: That's part of the nomination process before bidding commences. So we go out to industry first to make a call to nominate particular areas where they would have an intent to explore and find oil.

Senator WHISH-WILSON: Can I drill down into that. So the intent—how do you—is that all they need? Some of them are what you maybe could classify as brownfield areas around existing production facilities. But how do you police that intent? Do they have the acreage for a period of time and, if they don't do seismic acquisition or some kind of drilling, they lose it?

Mrs Laucher: This is well before they bid and before we assess whether or not they are suitable to hold a title. This goes pre-release to whether or not we consider an area to be suitable to be put out for bidding. So, at that stage, they're not awarded with a title.

Senator WHISH-WILSON: Okay, that's the preliminary process. But I'm just guessing that, if they do get it, assuming they're successful—so we can look at the 2021 acreage release as an example. How long do they have that acreage for? Is there a period of time where they have to actually do some exploration before it—they lose that right or is that in perpetuity?

Mrs Laucher: Yes. As part of the bidding process, they submit a proposed work program, which NOPTA undertakes an assessment of, including other matters like a company's financial and technical capacity to be able to undertake that work program. As part of the bid process that is then provided to the joint authority for decision and awarded to a suitable applicant. So their work program then is what is assessed for each year—what activities they need to be able to complete in any given year.

Senator WHISH-WILSON: So in that work program they'll say, 'By 2024, we plan to do 2D seismic acquisition plus an exploration well' and then you monitor that. Is that correct?

Mrs Laucher: That's correct, yes. NOPTA will monitor their progress against their work program.

Senator WHISH-WILSON: In terms of the suitability of the area that's opened up, does that include areas in the Australian national marine park network?

Mrs Laucher: Where a nominated area extends into a marine park zone where mining activities can't occur, it will be excluded from the original nomination process and won't be released for bidding.

Senator WHISH-WILSON: But, just to be clear, technically, Australia's marine park network, which we say protects our oceans, does include areas where oil and gas companies can go and explore?

Mrs Laucher: There are some multi-use areas, yes.

Senator WHISH-WILSON: There are multi-use areas. Okay. I just wanted to get that on record, because I think a lot of people think they're excluded from extraction, including fishing, oil and gas. In terms of the SPA in particular, if it's approved, will these be made public? What conditions will Schlumberger have on the use of that area? It's a very large area. Is there a period of time that they have to conduct a certain amount of activity?

Mrs Laucher: Senator, I might ask Ms Bell to answer that question, as the titles administrator makes the SPA decisions.

Ms Bell: Thank you. The Special Prospecting Authority, in terms of the time limit, is 180 days. On the question around the conditions on the title, until we receive all the information we require to do the assessment, I can't really comment on it. You can find the titles on the National Electronic Approvals Tracking System. The titles are published there for the public to see. We have a standard condition that we put on around the types of operations that they'll be conducting. So we'll say it's 3D seismic and any other conditions that are determined appropriate for the operation of that title. You sometimes see things around spatial restrictions, such as avoiding a shipping lane and things like that.

Senator WHISH-WILSON: Yes, but what about—my question was relating to—unless I missed it. Did you say they've got to start activity within 180 days?

Ms Bell: The title is only valid for 180 days. That's correct.

Senator WHISH-WILSON: And they have to go through the same process to renew it or is it going to be rolled over?

Ms Bell: No, they have to apply for a new title again.

Senator WHISH-WILSON: I'll put some more specific questions on notice. Thank you.

Senator McDONALD: I've been a little frustrated this evening because I've been trying to ask questions around the resources department's engagement and consultation with other departments in providing smart advice for Australia's future. I'm not sure whether you are very good at answering questions and talking around me or whether the department's just not really been engaged—particularly on the questions that Senator Smith asked about the ACCC report. It's a very significant report on this important topic and yet nobody here at the table knew about the report or that it had been tabled. So I hope you understand why I'm led to believe that you are not being helpful.

Ms Quinn: I apologise if that's the impression you've received, Senator. I can assure you the department has been heavily engaged in this process. I'm not aware directly of the process around which the ACCC provided information to the Treasurer against the letter that Senator Smith asked about. I clearly was aware of the ACCC doing the work, but the actual delivery of that advice was advice from the ACCC to the Treasurer. We don't have visibility of that direct line. But we have been heavily involved in the process, both on the resources side but also on the industry impacts side in terms of the process and implications for industry. We have had many meetings; been involved in providing support for our ministers, who have been involved in the ministerial level discussions; and had discussions at different levels in the Public Service. There hasn't been a lack of engagement at all and we are drawing on the expertise that this department has in relation to the oil, gas and coal industry components. We're happy to provide more information. It's difficult to provide precise blow-by-blow steps because there have been a large number of policy officers at different levels across different parts of the department involved with a large number of officials in other departments. There have been lots of different aspects of this debate, because there are

quite a few considerations at play, including announcements in the budget, which we've talked about; the heads of agreement process, which is ongoing; the domestic export security mechanism, which is ongoing; and further consideration around electricity markets, et cetera.

Senator McDONALD: Thank you. What I'm really trying to get to is this missing link between industry being engaged and the advice. I have some comfort, then, if you've been heavily involved in the ACCC process. But that was not the impression that I was getting from the responses that I was getting from the department. That would be a massive concern to not just industry, but—I certainly would be very concerned if I didn't have a sense that the advice being provided was going to fully inform the Treasurer about what the impacts of this decision would be.

Ms Quinn: I wouldn't want to leave you with that impression at all, Senator. There's been heavy involvement, as well as our ministers being intimately involved.

Senator McDONALD: I want to turn to the strategic basin plan, which was designed to develop and bring online more gas supply. Minister, are you aware which basins makes up the strategic basin plan? Given that you're repping, you may want to pass to a departmental official.

Senator Ayres: Yes, I might at this stage.

Mr Lawrence: The government or the previous government released the Beetaloo basin plan on 14 January 2021. The North Bowen and Galilee basin plan was released on 23 September 2021. The Cooper and Adavale basin plan was announced on 17 June 2021, and the measures associated with that plan were announced on 19 November 2021.

Senator McDONALD: Thank you. Are you aware of how much potential gas exists across these basins?

Mr Gaddes: I can answer that one, because this was one that was canvassed with Geoscience Australia at the first sittings. You may recall that you had a conversation with Dr Heap on the same topic. We would only refer to his advice, because Geoscience Australia provides us the advice on the prospectivity of the various basins. At the previous estimates, he provided evidence that Beetaloo has 7,469 PJs, which is 2P and 2C. For Cooper Eromanga, it's 4,921 petajoules. At Adavale there are no reserves or resources currently booked. At Bowen Surat, there are 5,503. At Galilee, it's 2,789. At Gunnedah it's 1,699.

Senator McDONALD: We've gone a bit outside the strategic basin plan, so thanks for that. I want to ask how much money has been allocated to the Beetaloo Strategic Basin Plan in this budget.

Mr Lawrence: The original amount allocated to the Beetaloo basin plan was \$227.8 million. That was in the 2020-21 MYEFO.

Senator McDONALD: To the Beetaloo Strategic Basin Plan—alright. How much was allocated in the March budget?

Mr Lawrence: There was nothing further allocated in the March budget.

Senator McDONALD: There were no cuts from the Beetaloo Cooperative Drilling Program?

Mr Lawrence: The Beetaloo Cooperative Drilling Program was \$50 million over two years from 2021-22 to 2022-23. The program was always intended to close to new applications on 30 June 2022. At the time of closure there were no new applications under assessment. Four grants were awarded, totalling \$26.9 million. Of the remaining \$23.1 million, \$14.6 million was returned for budget repair, and a further \$8.5 million remains uncommitted.

CHAIR: Senator McDonald, I need to advise officials, as it's just gone 8.30 pm, that senators do still have some questions remaining. The committee has had discussions. We note that we lost 25 minutes when we went to the chamber. We're also very mindful of the published time of concluding this meeting, which was 8.30 pm. So, on balance, the committee has agreed that we will conclude at or before 9 pm tonight.

Senator McDONALD: Except that I've just discovered my leave has run out, so if the bells ring I'm going to have to go. There's going to be limited questioning without somebody here to ask questions.

CHAIR: Those are the parameters of us finishing. Senator McDonald, you have the call.

Senator McDONALD: Can you confirm that the Beetaloo Cooperative Drilling Program was a part of the Beetaloo Strategic Basin Plan?

Mr Lawrence: Yes.

Senator McDONALD: How much money has been allocated to the Beetaloo Cooperative Drilling Program in this budget? That's what you're saying—that it's complete now, it's gone and there's no money left.

Mr Lawrence: The program is finished. As I said, a further \$8.5 million remains uncommitted.

Senator McDONALD: How many grants were issued of the \$26.9 million?

Mr Lawrence: Four.

Senator McDONALD: Who were these grants to?

Mr Gaddes: We have some colleagues from AusIndustry, which is our grants area at present. I'll ask them to come to the table because they're much better at tracking the grants funding than the policy area is.

Senator McDONALD: While they come to the table, I will ask: how much money has been allocated to the North Bowen and Galilee Strategic Basin Plan in this budget?

Mr Gaddes: That would be quite simple. No additional funding was allocated to any of the basin plans in this budget.

Senator McDONALD: How much was allocated in March then?

Mr Lawrence: The total funding was \$20.7 million. That was allocated in the 2021-22 budget.

Senator McDONALD: Has that been reprofiled?

Mr Lawrence: There have been no funding cuts to the initiative.

Senator McDONALD: But has it been reprofiled? Has it been pushed out over further years?

Mr Lawrence: No.

Ms Bryant: You were asking about the four grants. One was made to Imperial Oil and Gas Carpentaria 2, Imperial Oil and Gas Carpentaria 3, Imperial Oil and Gas Carpentaria 4 and Sweet Pea Petroleum Maverick 1.

Senator McDONALD: Am I to assume that the first three were all to associated entities?

Ms Bryant: That's right.

Senator McDONALD: Could you give me the breakdown of the grants to those four?

Ms Bryant: I can tell you expenditure to date. I'll have to check if I have the actual allocation. Expenditure to date for Carpentaria 2 is \$20,956,271. Carpentaria 3 is \$2,199,210. Carpentaria 4 is \$1,596,445. Maverick 1 is \$16,228,408. That's a total of \$40,980,334.

Senator McDONALD: Would you give me that total again, please.

Ms Bryant: Certainly. It is \$48,980,334.

Senator McDONALD: How much money has been devoted to the Cooper and Adavale Basins plan in this budget?

Mr Lawrence: No further money was allocated to the Cooper Adavale Basins plan.

Senator McDONALD: Terrific. So how much there is in that budget?

Mr Lawrence: Originally, there were two streams of funding totalling \$62.4 million and that was announced in November 2021. Of that, \$30.9 million was for the Data Driven Discoveries program and it was led by Geoscience Australia. This program is under way and is continuing. A further \$35.1 million was directed to the Optimise and Discover Program. But \$30 million of this funding for this program was discontinued in the October 2022-23 budget and redirected to implementing measures to reform and strengthen the ADGSM to better respond to forecast gas shortfalls and making more gas available to the east coast gas market.

CHAIR: I can suspend the committee while Senator McDonald attends the chamber if needed. We'll be here when you get back.

Senator McDONALD: Fabulous, thank you.

Proceedings suspended from 20:36 to 20:40

CHAIR: We recommence this meeting of the economic estimates committee.

Senator McDONALD: We were just doing the \$30 million that was going to the Optimise and Discover Program. Was that what was cut or—

Mr Lawrence: I said the funding was redirected to implement measures to reform and strengthen the ADGSM.

Senator McDONALD: I am in increasing awe of the department, because you very accurately said there had been no additional budget money added to this program, and you are quite right, but \$30 million has gone off to another program. Would have previously gone the Cooper Adavale Basins plan but it has now gone off to the ADGSM program. Is that correct?

Mr Lawrence: That was a decision of government.

Senator McDONALD: I'm not having a go; I'm just saying it is well done. The Optimise and Discover Program, what would that have done? It was a grant program, I understand.

Mr Lawrence: It was to incentivise exploration and development in the Cooper Basin region.

Senator McDONALD: It was a grant program. Is that correct?

Mr Lawrence: It would have been a grant program, yes.

Senator McDONALD: Were there any applications or expressions of interest to the program?

Mr Lawrence: The program had not been open for applications.

Senator McDONALD: Did the department conduct any analysis on the impact of future gas supply of reduced funding for developing new supply, specifically in the Cooper Adavale?

Mr Lawrence: When the government made a decision to redirect the money, a whole range of factors were considered.

Senator McDONALD: I appreciate that. I am asking if analysis was done on the impact of future supply on the basis of reduced funding for developing new supply?

Mr Gaddes: There wouldn't have been any analysis on the future supply because this is only a very prospective field. It could be anywhere between five to 10 years to develop the field. There are no known reserves there that would have been lost. So it was a government choice around whether to redesign the Australian Domestic Gas Security Mechanism which provides gas to the east coast market right now or whether or not they allow the Optimise and Discover Program to go on and potentially there might be some gas in 10 years' time, so the choice was the immediacy of the issue on the east coast needing gas now, and there was the investment in the ADGSM.

Senator McDONALD: Was there any consultation with stakeholders specifically on the basin? You said you didn't have a proven reserve, but what was the industry's view on the reallocation of funding?

Mr Gaddes: It was a decision taken in the budget and there was no consultation.

Senator McDONALD: Has the program that was not discontinued, the Data Driven Discoveries program, had any changes to its funding profile?

Mr Lawrence: No.

Senator McDONALD: So there is no reduction in amount or shifting of funding out to future years.

Mr Lawrence: No.

Senator McDONALD: Can you tell me what the yearly breakdown for funding of this program is, please?

Mr Lawrence: My understanding is that \$1.3 million of that funding has been spent to date. The whole funding has been allocated to Geoscience Australia. So, it's fully committed. Geoscience Australia has in 2021-22 spent \$900,000 and as of September this year had spent \$387,000 for the 2022-23 year, and the program is due for completion on 30 June 2024. But questions about specifics should really be directed to Geoscience Australia.

Senator McDONALD: Have any of the time lines of any of the basin plans been affected by the latest budget?

Mr Lawrence: No.

Senator McDONALD: Terrific. Thank you. Can you provide time lines on when each of the basin plans is expected to be delivered?

Mr Lawrence: What do you mean by 'delivered'? As I said, the Beetaloo basin plan was released back in January 2021.

Senator McDONALD: Which basin plan was that?

Mr Lawrence: That was the Beetaloo basin plan, which was released by the previous government.

Senator McDONALD: That's right. You gave me start dates for Beetaloo, North Bowen and Galilee, Cooper and Adavale and some other basins that weren't part of the Strategic Basin Plan. Do you have end dates for those plan?

Mr Lawrence: I think probably the best way to explain it is that the department went away and did a range of work, and the basin plan is a completed activity. And then there are a range of measures attached to them, and some of those continue and some of those are coming to an end.

Senator McDONALD: Right. Well, on notice—you've given me quite a bit of detail of the money in the budgets for each of those—could you confirm the amounts that are available for each of the basin plans underneath the Strategic Basin Plan and the end date for the funding of each of those.

Mr Lawrence: We can do that.

Senator McDONALD: Thank you. The Strategic Basin Plan was part of the previous government's gas fired recovery plan. Minister, I have another document to table, which the secretariat will have, and it is titled "The gas led recovery is a fraud, Labor's Chris Bowen says".

CHAIR: The document is appropriate to be tabled and is tabled.

Senator McDONALD: Thank you very much, Chair. We've just had some discussion about the Strategic Basin Plan, Minister. Do you agree with Minister Bowen that the gas fired recovery plan is BS and a fraud, and I guess by extension the Strategic Basin Plan is therefore also BS and a fraud?

Senator Ayres: What I can say—and I do agree with him—is that the evidence that the department has given on this issue is exactly right. There are some programs that are not being continued and the previous government's sloganeering about these issues was not met with a level of action that delivered. The previous government was very fortunate indeed to be in the position of having a significant expansion of gas availability that was set to come online before the government was elected. I think the amount of gas production on the east coast increased by 300 per cent between 2014 and 2021. Those were projects that were already booked, that were ready to deliver and that began delivering over the life of the previous government. Over the same period, gas consumption on the east coast decreased by 20 per cent. Now, the supply increased significantly—

Senator McDONALD: Given that we've got 10 minutes left—I'm just asking you specifically: do you think the gas fired recovery plan is BS and a fraud? Does the Strategic Basin Plan have purpose? Or is it also BS and a fraud?

Senator Ayres: The government has stopped some programs. We've made a judgement that what is in the best interests of securing more supply and lower prices is allocating resources elsewhere and letting the private sector do the work that the private sector should do. My view—very similar to Minister Bowen's view—is that the last government was all slogan and no substance on all of these questions.

Senator McDONALD: How much uncontracted gas supply is there for this year and for the next five years?

Senator Ayres: I might let the department answer that question.

Mr Lawrence: The three LNG exporters have provided information to the department that there are 167 petajoules of uncontracted gas for next year. We would have to check with the companies, or with industry or others, on what are they over the next few years, so I would have to take that on notice.

Mr Gaddes: In terms of process, though, the new Australian Domestic Gas Security Mechanism has companies meet with Minister King quarterly, to report on the compliance with heads of agreement and also to lay out their plans for making sure there's sufficient supply to the market over the life of the ADGSM heads of agreement, which is to 2025. There will be a quarterly catch-up between the LNG producers and the minister, to ensure there is sufficient supply over that period.

Senator McDONALD: I'm going to turn to critical minerals strategy. When is it expected to be announced?

Ms Urquhart: That would be a matter for the government to determine.

Senator McDONALD: Righty-ho. What's the process for developing this new strategy, then?

Ms Quinn: The first step is a consultation process. Calling for input against a consultation paper is the usual first step, and that's the intention here.

Senator McDONALD: When are you going to do that?

Ms Quinn: That's a matter for the government, but not far off.

Senator McDONALD: Will there be industry involvement in this strategy update?

Ms Quinn: Yes, there will be, because the consultation paper we've put out for public submissions, and all parties are clearly at liberty to put in submissions—public and private. There will also be round tables and other discussions. Minister King has also indicated that she would like to have discussions with her state counterparts, in terms of integrating the critical minerals strategy with what they might be doing under their state processes as well.

Ms Long: Maybe I can add to that. As the secretary has indicated, we will be kicking off that consultation soon and stakeholders can register their interest in consultation activities on the department's consultation hub, and we'll be able to follow up from there.

Senator McDONALD: Are the terms of reference available on that website?

Mr Hutchinson: There are no terms of reference, as such, at the moment. There's an expression of interest where people can register if they would like to be part of the consult. We don't have the specific number, but we've had a very healthy response to that. There wouldn't necessarily be a terms of reference but, as the secretary has said, there would be a consultation paper and a call for submissions.

Senator McDONALD: Can you give me broad topics around what the consultation will cover, what direction it's taking?

Mr Hutchinson: Certainly. In a broad sense, the existing strategy sets out three objectives, which remain relevant. The minister has flagged that there'll be a strong focus on issues around clean technology and decarbonisation and also environmental, social and governance considerations, including First Nations Australians.

Senator McDONALD: Will the new strategy take into account the reduced government funding for critical minerals? Who shall I direct that too? It was a \$200 million program, of which \$50 million has been announced, and \$50 million remains, and the other \$100 million has left the budget.

Senator Ayres: The previous government announced a \$200 million, that is correct. It appropriated zero dollars. We have announced and appropriated \$100 million.

Senator McDONALD: Is that right?

Senator Ayres: That's right.

Senator McDONALD: So \$51 million had been announced. Another \$49 million has been announced?

Senator Ayres: We've committed and appropriated \$100 million.

Senator McDONALD: But has it been granted? Have contracts been written for the whole amount?

Senator Ayres: I'll answer. Yes. It's, I think—

Mr Hutchinson: Senator, \$50 million has been awarded as grants and contract negotiations are underway for that. Another \$50 million has been announced, which will be delivered through a second round of that grant funding. In addition to what the minister said, there's a further \$50 million for a research and development hub.

Senator McDONALD: That was also already announced previously.

Senator Ayres: Yes. We've matched that and, to be very clear, the announcement of the previous government scheduled that over three years; we have extended that to over four years.

Senator McDONALD: Yes, I'm aware of that. Thank you for clarifying, Minister. How much funding has been allocated to the Critical Minerals Development Program?

Mr Hutchinson: That's \$100 million.

Senator McDONALD: That is the total of that program. So that's the recommittal of the previous program that had a slightly different name.

Mr Hutchinson: There was a grants program under the previous government with a different name, as you say. This new Critical Minerals Development Program, which, as you said, has \$100 million committed to it, is also a grants program. It has a slightly different focus than the previous government's program.

Senator McDONALD: What is the slightly different focus?

Mr Hutchinson: Similar to the priority areas just outlined before, in addition to seeking to support early- to middle-stage critical minerals projects, it will also have a focus on issues like ESG, recycling, First Nations Australians and decarbonisation, and there are some differences around the delivery mechanism of that. It will be through an open competitive process.

Senator McDONALD: Whereas previously it was an expert panel.

Ms Long: That's right. Also, in relation to eligibility as well, state and territory led projects are eligible under the development program.

Senator McDONALD: Terrific. Thank you. Did it cost anything to change the name of the program? Were there new business cards, stationery, website design updates, signage?

Mr Hutchinson: I can confirm there were no costs to changing things like stationery, business cards et cetera.

Senator McDONALD: Website or anything like that?

Mr Hutchinson: No, Senator.

Senator McDONALD: Terrific. Thank you.

CHAIR: We're probably about at your last question. We just have a couple of minutes left.

Senator McDONALD: I know. I might have to put a swag on notice. You just said before, about the program, that you just added another element. So there was the—I'm not going to remember; I shan't.

Mr Hutchinson: Was that about state and territory led projects being eligible?

Senator McDONALD: No, it was prior to that. Don't worry. Given that the Treasurer has been speaking about the importance of the critical minerals industry and expanding on that, are there any additional programs—I appreciate there's no more money; we've talked about that—that are going to focus on supply chain risks for renewable technologies? How are we going to achieve this bright new dawn for critical minerals in Australia?

Mr Hutchinson: I guess those are matters for government to consider through the process of developing its strategy, and through consulting with stakeholders.

Ms Quinn: I just note that there are a few different strategies that combine to think about what the impact of the opportunities are for the critical minerals sector. We've got the Critical Minerals Strategy, which we've been talking about now. There is also the potential under the National Reconstruction Fund.

Senator McDONALD: For manufacturing.

Ms Quinn: There's a component there. We've also got, within the climate change portfolio, a focus on electric vehicles and the demand side component there. We talked about battery strategy, which talks about the industrial processing side, which also has a connection to critical minerals here. Combined, there are quite a lot of different components in the full supply chain for thinking about critical minerals, so there is an opportunity to pull these all together to provide information to the sector, which will be a valuable contribution for them to be able to see how the government strategies knit together when they make their business decisions.

Senator McDONALD: Right. I look forward to discussing that at each estimates. Finally, I will just ask: is there going to be an updating of the critical minerals list as part of that process? I think the minister has made some public commentary, but—

Ms Quinn: Critical minerals list?

Senator McDONALD: Yes.

Mr Hutchinson: The minister will consider the critical minerals list as part of the process of developing a new strategy, but it's a matter for government as to whether that's updated or changed.

Senator McDONALD: I'm making a pitch for potash and phosphate.

CHAIR: Thank you all very much. It being nine o'clock, consideration of the 2022-23 budget estimates is concluded. I thank representatives from the department who've given evidence and given us extra time today. We really appreciate your time. Thank you. Thank you to Hansard, Broadcasting and the committee secretariat. Thank you, Minister. I declare the hearing adjourned.

Committee adjourned at 21:00