

## Chapter 3

### Industry, Innovation and Science portfolio

3.1 This chapter summarises certain key areas of interest raised during the committee's consideration of additional estimates for the 2016–17 financial year for the Industry, Innovation and Science portfolio. This chapter of the report follows the order of proceedings and is an indicative, not exhaustive, account of issues examined.

3.2 On 2 March 2017, the committee heard evidence from Senator the Hon Arthur Sinodinos, Minister for Industry, Innovation and Science, and Senator the Hon Matthew Canavan, Minister for Resources and Northern Australia, along with officers from the Department of Industry, Innovation and Science (the Department) and agencies including:

- Australian Nuclear Science and Technology Organisation;
- Anti-Dumping Commission;
- Commonwealth Scientific and Industrial Research Organisation;
- Office of Innovation and Science Australia;
- Geoscience Australia; and
- National Offshore Petroleum Safety and Environmental Management Authority.

3.3 Senators present over the course of the day's hearing included Senator Hume (Chair), Senator Ketter (Deputy Chair), Senators Bushby, Carr, Lines, Ludlam, Ian Macdonald, McAllister, Smith, and Xenophon.

3.4 The committee altered the schedule on the day of the hearing, removing Programme 1 from the hearing schedule. The committee was satisfied that topics relating to Programme 1 had been sufficiently discussed in the cross-portfolio session.

#### **Australian Nuclear Science and Technology Organisation**

3.5 The committee opened its discussions with the Australian Nuclear Science and Technology Organisation (ANSTO) by congratulating Dr Adi Paterson on the renewal of his contract as Chief Executive Officer of the agency for a further five years.<sup>1</sup>

3.6 The committee also sought information relating to the agency's statement of expectations from the Minister, noting that the most recent statement was issued by Minister Macfarlane three years ago. Dr Paterson informed the committee that a new statement of expectations was currently being finalised. Senator Sinodinos confirmed this information.<sup>2</sup>

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1 *Proof Estimates Hansard*, 2 March 2017, p. 51.

2 *Proof Estimates Hansard*, 2 March 2017, p. 51.

## **Synchrotron**

3.7 The committee then turned its attention to the financing of ANSTO's synchrotron.<sup>3</sup> ANSTO informed the committee that ANSTO had been working with a range of stakeholders on this matter:

The evaluation of the seven beamlines which have been agreed with the community is \$114 million. We think that within that envelope, depending on how technology is developed, we might be able to secure an eighth beamline, so that is the quantum. The process, as you may recall, is that we will go to the community for that funding—state governments, the New Zealand government, universities, medical research institutes and publicly funded research agencies.<sup>4</sup>

3.8 ANSTO noted that the full amount of funding would need to be secured by July 2018, with \$20 million of the final amount to be secured by the end of June 2017. ANSTO confirmed that no part of the final amount had yet been secured, however ANSTO officials were meeting with a number of universities in order to shore up formal written commitments for funding.<sup>5</sup>

## **Anti-Dumping Commission**

### ***A4 copy paper***

3.9 The committee questioned the Anti-Dumping Commission regarding the awaited release of its report relating to the alleged dumping of A4 copy paper in the Australian market from Brazil, China, Indonesia and Thailand. The committee noted that the report was due to be presented on 20 February 2017, but had been extended to 6 March 2017.<sup>6</sup>

3.10 The Commission explained that the investigation relating to the A4 copy paper was one of the most complex investigations that the Commission had undertaken, explaining that:

[T]he number of exporters and importers are many. It required a very comprehensive analysis undertaken over the last 12 months in relation to the alleged impact on Australian Paper at Maryvale, including extensive visitation and assessment of their own data and also extensive overseas verification of the data provided by exporters and traders in that regard.

3.11 The Commissioner confirmed that the final report would be released the following week, in line with the extension granted.

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3 ANSTO's synchrotron is a machine which produces powerful beams of light that can be used to examine the atomic and molecular detail of materials including medicines, food, biotechnology, nanotechnology and energy.

4 *Proof Estimates Hansard*, 2 March 2017, p. 52.

5 *Proof Estimates Hansard*, 2 March 2017, p. 53.

6 *Proof Estimates Hansard*, 2 March 2017, p. 61.

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## Commonwealth Scientific and Industrial Research Organisation

### *Staffing*

3.12 The committee discussed the Commonwealth Scientific and Industrial Research Organisation's (CSIRO) current staffing levels and the changing makeup of its workforce, noting that 'there is an extraordinary brain drain in public science occurring at CSIRO at the moment'.<sup>7</sup>

3.13 CSIRO indicated that the voluntary separation rate for staff was approximately 4.6 per cent, a figure CSIRO confirmed to be average over the last ten years.

3.14 The committee noted that CSIRO had not completed its enterprise agreement negotiations, meaning that CSIRO staff had not seen a pay increase for three years. CSIRO commented on the bargaining process, indicating that:

It has definitely had an impact on the morale of staff. Staff are talking about it more. But the message I would like to leave you and staff with is we are back around the negotiating table now. There have been extensive negotiations over the last fortnight. We believe we are making ground and we have the best interests of staff at heart. We believe they deserve a pay rise and they will get one as soon as we can get agreement with the unions. It takes two people to negotiate and we are both doing that, in good spirit, at the moment.<sup>8</sup>

3.15 CSIRO acknowledged that it had experienced a shift in its science priorities, and that this had an impact on the number and type of staff it employed. CSIRO also noted that the changes were in line with its Strategy 2020, which has specifically increased the funding of what it terms 'pure science' or 'blue sky science'.<sup>9</sup>

## Department of Industry, Innovation and Science—Programme 2

### *Northern Australia Infrastructure Facility (NAIF)*

3.16 The committee welcomed Ms Laurie Walker, the new Chief Executive Officer of NAIF to her first appearance before the committee.

3.17 In her opening statement, Ms Walker presented the committee with an overview of NIAF's role and current activities. The CEO described NAIF as a 'gap financier' and explained to the committee that its role is to finance projects that would not attract commercial finance:

We have a mandate to put in what is called concessional lending terms of tenor or interest rate where we are serviced in priority to other lenders, but we have to put the minimum concessionality in.<sup>10</sup>

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7 *Proof Estimates Hansard*, 2 March 2017, p. 66.

8 *Proof Estimates Hansard*, 2 March 2017, p. 66.

9 Pure science or blue sky science describes scientific research that is carried out in fields where 'real world' applications are not immediately apparent.

10 *Proof Estimates Hansard*, 2 March 2017, p. 125.

3.18 Ms Walker also provided the committee with a summary of NAIF's work since its establishment in July 2016, noting that the agency had so far received 100 enquiries from projects in a broad range of sectors. Of these 100 enquiries, four were in the due diligence stage, which involves a detailed assessment of each proposal.

3.19 The committee requested information relating to the Adani rail proposal. NAIF indicated that it was unable to provide any response to this request as the information sought was of a commercial-in-confidence nature.<sup>11</sup>

3.20 The committee asked NAIF to provide, on notice, details of the 'specified potential harm to commercial interests' if the information being sought by the committee was to be made public.<sup>12</sup>

## **National Offshore Petroleum Safety and Environmental Management Authority**

### *Workplace health and safety*

3.21 The committee discussed the workplace health and safety compliance of the National Offshore Petroleum Safety and Environmental Management Authority's (NOPSEMA) operators and requested information relating to those operators that were non-compliant. NOPSEMA noted that there are some instances where operators were believed not to be acting in accordance with their safety obligations, and in these circumstances NOPSEMA has issued recommendations or taken action to ensure enforcement of the appropriate obligations.<sup>13</sup>

3.22 The committee asked NOPSEMA how their Offshore and Petroleum and Greenhouse Gas Storage Act compared with the Workplace Health and Safety Act and with related international legislation.

3.23 NOPSEMA responded that their own Act was consistent with the Workplace Health and Safety Act, noting that the only two differences between them are related to 'access to the workplace for the union representatives' and 'access to the safety case for people who are not on the facilities'. In relation to its legislation and how it compares internationally, NOPSEMA stated:

The legislation that we administer was introduced just over 10 years ago. It was modelled on the UK model of outcomes based regulation of offshore oil and gas, which is also applied in other countries, like Norway and Canada, which, along with Australia, are recognised as the world-leading regulatory regimes for this. That has also been recognised through international bodies such as the International Regulators' Forum, where there are four members of the management committee, those countries being the United States, the United Kingdom, Norway and Australia. So I

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11 *Proof Estimates Hansard*, 2 March 2017, p. 127.

12 *Proof Estimates Hansard*, 2 March 2017, p. 128.

13 *Proof Estimates Hansard*, 2 March 2017, p. 140.

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think it is fair to say that our regulatory regime is recognised globally as amongst the best in the world.<sup>14</sup>

### **Other topics raised**

3.24 The committee discussed a wide range of topics during the hearing with the Industry, Innovation and Science portfolio. The above reporting of discussions is not complete. Other topics discussed by the committee included:

- Remuneration arrangements for the portfolio's corporate Commonwealth entities
- Anti-Dumping Commission's implementation of new procurement rules
- Economics References Committee's steel industry inquiry
- Gas Industrial Social and Environmental Research Alliance (GISERA)
- Validity of records kept by NASA, the Bureau of Meteorology and CSIRO
- National Innovation and Science Agenda
- Business plan for the Office of Innovation and Science Australia
- Cooperative Research Centres
- Gas resources in the Bass Strait
- Resources in South Australia
- Cost of cattle transportation in Queensland
- Northern Australia Infrastructure Facility Board remunerations
- Adani coal mine

**Senator Jane Hume**  
**Chair**

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14 *Proof Estimates Hansard*, 2 March 2017, p. 141.

