



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT AND COMMUNICATIONS LEGISLATION
COMMITTEE

ESTIMATES

(Supplementary Budget Estimates)

MONDAY, 18 OCTOBER 2010

CANBERRA

BY AUTHORITY OF THE SENATE

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SENATE ENVIRONMENT, COMMUNICATIONS**LEGISLATION COMMITTEE****Monday, 18 October 2010**

Members: Senator Cameron (*Chair*), Senator Fisher (*Deputy Chair*) and Senators Ludlam, McEwen, Troeth and Wortley

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cash, Colbeck, Coonan, Cormann, Crossin, Eggleston, Faulkner, Ferguson, Fierravanti-Wells, Fielding, Fifield, Forshaw, Furner, Hanson-Young, Heffernan, Humphries, Hurley, Hutchins, Johnston, Joyce, Kroger, Macdonald, McGauran, Marshall, Mason, Milne, Minchin, Moore, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Sterle, Trood, Williams and Xenophon

Senators in attendance: Senators Abetz, Back, Birmingham, Boswell, Cameron, Colbeck, Fisher, Ludlam, Macdonald, McEwen, Marshall, Milne, Siewert, Troeth, Williams and Wortley

Committee met at 9.06 am

CLIMATE CHANGE AND ENERGY EFFICIENCY PORTFOLIO**In Attendance**

Senator Wong, Minister for Finance and Deregulation

Department of Climate Change and Energy Efficiency**Executive**

Dr Martin Parkinson, Secretary
Mr Howard Bamsey, Deputy Secretary
Mr Martin Bowles, Deputy Secretary
Mr Blair Comley, Deputy Secretary
Mr Geoff Leeper, Deputy Secretary

Outcome 1

Mr Andrew Bailey, First Assistant Secretary, Home Insulation Program Review Office
Mr Ian Carruthers, First Assistant Secretary, Adaptation, Science and Communications Division
Mr Ross Carter, First Assistant Secretary, Greenhouse Energy and Reporting Division
Ms Amanda McIntyre, Acting First Assistant Secretary, Governance and Program Support Division
Ms Alex Rankin, First Assistant Secretary, Demand Driven Programs Division
Ms Harinder Sidhu, Chief Advisor, International Division
Ms Shayleen Thompson, First Assistant Secretary, Land Division
Ms Clare Walsh, Acting First Assistant Secretary, Renewables and Energy Efficiency Division

Ms Penny Weir, First Assistant Secretary, Corporate Support Division
Ms Jenny Wilkinson, Acting First Assistant Secretary, Climate Strategy and Markets Division
Ms Anthea Harris, Assistant Secretary, Strategy and Market Linkages Branch
Mr Robert Raether, Assistant Secretary, Renewables and Reporting Branch
Mr Robert Twomey, Chief Financial Officer
Professor Will Steffen, Climate Change Science Advisor
Mr Gene McGlynn, Assistant Secretary, Building and Government Energy Efficiency Branch

Office of the Renewable Energy Regulator

Mr Andrew Livingston, Renewable Energy Regulator
Mr Amarjot Singh, Deputy Regulator
Mr Christopher Branson, Deputy Regulator

CHAIRMAN (Senator Cameron)—I declare open this public hearing on the Senate Environment and Communications Legislation Committee. Before commencing proceedings, a short housekeeping notice. These are supplementary budget estimates, and the agencies heard during these estimates will only be those that have been nominated by various senators. The Senate has referred to the committee the particulars of proposed expenditure for 2010-11 and other related documents for the portfolios of broadband, communications and the digital economy; climate change and energy efficiency; and sustainability, environment, water, population and communities, formerly environment, water, heritage and the arts. The committee has set this Friday, 22 October 2010, as the date by which senators must submit written questions on notice to the secretariat. The committee has also set Friday, 3 December 2010 as the date by which agencies must return answers to questions on notice.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimate hearings. If you need assistance, the secretariat has copies of the rules. I particularly 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 in 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

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- (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).

(Extract, Senate Standing Orders, pp 124-125)

Officers called upon for the first time to answer a question should state their full name and position for the Hansard record, and witnesses should speak clearly into the microphones. Mobile phones should be switched off. The committee will begin proceedings with the examination of the climate change and energy efficiency portfolio, commencing with general questions of the department, and will then follow the order as set out in the circulated program.

For the record, I note that there are two long-serving officers retiring and who will not be back after these estimates. They are Mr Ian Carruthers and Mr Howard Bamsey. We would like to place on record our appreciation for the assistance over the years that those two officers have given to this committee.

I welcome Senator the Hon. Penny Wong, Minister for Finance and Deregulation, representing the Minister for Climate Change and Energy Efficiency, the Hon. Greg Combet, and portfolio officers. Minister, would you like to make an opening statement?

Senator Wong—No.

CHAIR—Dr Parkinson?

Dr Parkinson—Senator, if I could, I would draw the attention of the committee to the fact that the Smart Grid, Smart City function, which was previously the responsibility of this department has now moved to the Department of Resources, Energy and Tourism.

CHAIR—Before continuing, the committee notes that there are 10 questions still outstanding from the budget estimates round last May. I now invite general questions of the department.

Senator BIRMINGHAM—I do not usually like to take the committee's time up with this, but as of Monday last week no questions from this department had been answered. Most of the answers we received were received sometime around 3 pm on Friday. That is a far worse record than this department has had in the past and a far worse record than most other departments have. Is there a particular reason why this time around we have received such late answers? Frankly, receiving them just before the death knock of the next round of estimates hearings basically makes it a waste of my time, a waste of the time of other senators asking them and indeed a waste of your time in preparing them, because timeliness is rather essential to these things.

Dr Parkinson—I agree, Senator. As a department, we make every effort and endeavour to prepare drafts as quickly as possible. As you know, they then go through clearance processes before they are lodged with the committee. I understand that the election and other arrangements have led to delays in that process.

Senator BIRMINGHAM—Is that a suggestion, Dr Parkinson, that the department lodged or finished its answers several months ago and that it has actually been in this building that they have been held up?

Dr Parkinson—I think we may have talked about these sorts of things in the past. Some of the delays are caused by issues at our end. I note that the chair mentioned that there were 10 outstanding questions from budget estimates. The vast majority of those have been returned to the department for redrafting. They are clearly issues for us. We do our best. That is all I can say.

Senator BIRMINGHAM—Your best, on this occasion, has been extremely disappointing, not just frustrating. We have been looking for these answers for some period of time now both prior to the election and since. The Department of the Prime Minister and Cabinet manages to get its answers in, as do many others. Many other departments managed to face far more questions than this department. I hope that out of these estimates hearings we are not waiting until the first or second week in February to see some answers next time around.

Senator IAN MACDONALD—I have a follow-up question. I wonder if the minister at the table, who was the relevant minister prior to the election, might care to comment on her role in the delay of the submission of these answers to questions. From what Mr Parkinson has said—and I appreciate Mr Parkinson's position; the public service never wants to do in a minister—it is quite clear, reading between the lines, that the department has done their part of the bargain and the hold-up has been in the minister's office, which, until the election, was

your office, Senator Wong. Perhaps you might like to absolve the department and indicate why it took so long for these answers to be given.

Senator Wong—I do not think I can add anything to Dr Parkinson's answer, Senator.

Senator IAN MACDONALD—I am asking you, Minister: why did you delay the answers?

Dr Parkinson—I will be clear. You have interpreted what I have said as dumping on one or both ministers.

Senator IAN MACDONALD—Okay. We could go through this bit by bit. How many answers did you give to the minister prior to the election? That is the question.

Dr Parkinson—I would have to take that on notice.

Senator IAN MACDONALD—You should have that with you, Mr Parkinson. You and I have been around long enough to know that is question No. 1. The fact that you do not bring them means that the minister or someone has suggested to you that you should not bring them with you because it is embarrassing to the minister if you say, 'We gave the Minister 100 answers prior to the election and they are not here.' Our obvious question to the minister: why didn't you release them, Minister? That is what we really want to know. Is there something wrong with your work? Is the minister embarrassed? Did she not want it out before the election? Did she feel that it was an electoral liability if the answers came out? You can put this to bed by telling us how many questions there were. I have given the minister the opportunity to tell me that my assumptions and the assumptions of the Australian public are wrong. Over to you, Minister.

Senator Wong—Amongst the very many assertions in that very long and rambling statement was a suggestion that I had instructed Dr Parkinson not to bring this information to the committee. I want to place on record I made no such instruction.

Senator IAN MACDONALD—You are not the minister any more, Minister.

Senator Wong—I know that. You are the one who suggested I instructed him to—

Senator IAN MACDONALD—No, I am saying the minister today may have suggested he did not come with the number of answers that he had prepared and given to you, Minister, when you were, for those horrible three years, the minister for climate change, and why you did not allow them to be released. We can go all day on this, Dr Parkinson, and you should be aware that these would be the questions we would ask. So let me go there. How many questions did you prepare prior to the election time and send to the minister at the table who was then the relevant minister?

Dr Parkinson—I would have to go back and dig that information out.

Senator IAN MACDONALD—It should not be hard to get. We could expect that by morning tea?

Dr Parkinson—No, I do not think you could expect it by then, Senator. We would take that question on notice and we would get it to you as quickly as we can.

Senator IAN MACDONALD—Your department has an unenviable reputation for inefficiency. Surely you can try and have—

Dr Parkinson—Senator, with respect, I am not prepared to sit here and take a comment like that about unenviable reputation. Just to be clear, no minister has instructed me on what to bring or not to bring to this hearing.

Senator IAN MACDONALD—So it is entirely your own fault that you do not come with that information that you know we would ask?

Dr Parkinson—Frankly I did not know you would ask it.

Senator IAN MACDONALD—You have been around a long time, Dr Parkinson, and you know, whether we are in government or whether this lot are in government, that question is always asked.

Senator Wong—Senator, a question related to the previous government would not necessarily be an anticipated question.

Senator IAN MACDONALD—Minister, how many did you receive prior to the election and why didn't you release them then? I do not need 23½ as an answer, but was it approximately most of them?

Senator Wong—I cannot recall, Senator.

Senator IAN MACDONALD—But there were some that you got before the election?

Senator Wong—The department has taken on notice the substance of that question and I cannot assist you any further.

Senator IAN MACDONALD—So, Minister, you cannot recall if any of these questions were made available to you prior to the election?

Senator Wong—I know you were never a cabinet minister, but you do receive a lot of briefs—

Senator IAN MACDONALD—Oh, you are so important—

Senator Wong—No, I am just making the point.

Senator ABETZ—Eighteen minutes and the lemon juice is kicking in.

Senator IAN MACDONALD—So you do not remember if any were given to you prior to the election?

Senator Wong—I had not finished; I was just waiting for the childishness to cease on that side of the table. When it finishes I might respond.

Senator IAN MACDONALD—That is very generous of you, thank you, Minister.

Senator Wong—Have we done, because I will finish my answer. You receive a lot of briefs; I do not recall how many questions on notice from the last estimates round I received. Dr Parkinson has taken on notice the number of questions received prior to the election, I think, and he will do that.

Senator IAN MACDONALD—Minister, you cannot recall if you received any answers prior to the election?

Senator Wong—I cannot recall what answers I received prior to the election.

Senator IAN MACDONALD—Did you receive any?

Senator Wong—I cannot recall, and I am not going to guess in an estimates hearing. Dr Parkinson has taken it on notice.

Senator IAN MACDONALD—You must know if you received any.

Senator Wong—Chair, I cannot assist any further.

CHAIR—Senator Macdonald, the minister has answered, the question is on notice and I am not sure if we are going to make any further progress on this. But if you want to continue you can continue.

Senator ABETZ—Could I ask a few questions then and you can take them on notice. If I recall correctly, 126 questions were not answered up until about a week ago. Given the lack of information forthcoming, can we be advised, in relation to each of those 126 questions, on what date each one of the draft answers went to the minister's office, on what date it was tabled and whether any of those 126 were sent back to the department for further drafting. I think that will then sort out where the mischief occurred—whether it was with the department, whether it was with Minister Wong or whether it was with her successor.

Dr Parkinson—I will take that on notice, Senator.

Senator BIRMINGHAM—To complement Senator Abetz's question, in relation to questions on notice Nos 3 and 98 from the budget estimates, could you please provide those two as case studies. Both are fairly short sharp questions, I would have thought. Please provide case studies of when answers were drafted, when they were submitted to the minister's office and whether they were returned to the department. It is the same type of information that Senator Abetz has asked for generically but in case study format for those two.

Dr Parkinson—I will look into that, Senator.

Senator FISHER—We are still on the questions on notice, I am afraid, Dr Parkinson. The committee received, just before three o'clock on Friday, answers to 116 of the outstanding 126 questions. Not only were they late, not only did they arrive in the week before us sitting with you today—indeed, they arrived on the Friday before—so can you explain why we got 116 of 126 answers in one hit?

Dr Parkinson—Do you mean in the sense of why you did not get the rest or why they all arrived at once rather than coming in batches?

Senator FISHER—They were all late, obviously. They were all overdue but why were they delivered all in one hit?

Dr Parkinson—I could not answer that, Senator.

Senator FISHER—Is there a process reason for that, Dr Parkinson?

Dr Parkinson—You know the process arrangements. We take the questions on notice, we prepare draft answers as quickly as we can, they are submitted to the minister's office, there are discussions, they come back for redrafting, they are cleared through the minister's office and then we table them.

Senator FISHER—When we were here last time discussing much the same issue, Minister Wong said that the answers ‘are not a job lot. At different times, different answers are in different places including in different departments.’ How are 116 at once not a job lot?

Dr Parkinson—There are 116 in one batch. Why they are in one batch is an issue that I cannot answer.

Senator FISHER—I guess your answer to Senator Abetz’s question on notice will disclose whether the department answered them all at once. Surely you would not have 116 all at one time?

Dr Parkinson—That would typically not be the case. We would send up answers in batches. We would not send them up in ones and twos but we would collate them.

Senator FISHER—Okay. Your answer to Senator Abetz will cover some of this but, of the remaining 10 outstanding, how many are still in the department?

Dr Parkinson—As of this morning, there are seven answers for redrafting.

Senator FISHER—They are with you for redrafting from where?

Dr Parkinson—They are from the minister’s office.

Senator FISHER—When did you submit the seven out of the outstanding 10?

Dr Parkinson—It goes back to what I said earlier; I could not tell you on which dates they were submitted. In response to Senate Abetz’s question, we will look at what information we can pull out about when questions were submitted to the office.

Senator FISHER—When did those seven answers come back to you from the minister’s office?

Dr Parkinson—I could not tell you. I can tell you but I cannot tell you at the moment. In other words, I do not know the answer at the moment.

Senator FISHER—Could you tell us after the morning tea break, given that we are only talking about seven questions?

Dr Parkinson—I will check whether we can get that information by morning tea.

Senator FISHER—Thank you. You might also let us know which seven of the 10 you are talking about. That would be helpful, thank you. Of the remaining three, where are they?

Dr Parkinson—They are currently in the minister’s office for consideration.

Senator FISHER—So is that the first time the remaining three questions have gone to the minister’s office for consideration?

Dr Parkinson—I actually could not tell you off the top of my head. It is quite possible that they have been there once before.

Senator FISHER—All right. Are you able to tell us that after the morning tea break?

Dr Parkinson—We will see if we can get that information for you.

Senator FISHER—Thanks, Dr Parkinson.

Senator IAN MACDONALD—Mr Chairman, I have some general questions, but just on this same issue I am going to say to Dr Parkinson: you are the secretary of the department and perhaps you are not the person responsible allocated the job of actually collating answers and making sure the process works. Is there an officer in charge of taking questions, making sure they are answered, getting them to the minister and getting them back to the committee? Is there one particular deputy secretary or first assistant secretary that does that?

Dr Parkinson—I am responsible for the operation of the department.

Senator IAN MACDONALD—I know that.

Dr Parkinson—So I will take responsibility.

Senator IAN MACDONALD—But is there someone you allocate the job to? It is your job to work out which of the questions—

Dr Parkinson—In our organisational structure, as in all departments, the equivalent of the parliamentary and executive area is responsible for coordinating responses.

Senator IAN MACDONALD—Dr Parkinson, your memory is so bad on these things, I am just wondering if you can be assisted by the relevant officer giving that information. No doubt the relevant officer who would have that information is sitting behind you.

Senator Wong—There is no need to speak like that to members of the Public Service, Senator.

Senator IAN MACDONALD—Well, Dr Parkinson has not recalled—

Senator Wong—He has taken the issue on notice. You do not have to sit there and tell him he has a bad memory and make those sorts of comments as you have been since the start of this.

Senator IAN MACDONALD—I am trying to help him by accepting that he, as secretary, would not be in charge of this process. But no doubt the person who is in charge of the process is sitting in the row behind him. I am just saying that perhaps it would save the committee time, and you some effort, if we got that person forward to give us the answers we have asked for.

CHAIR—You know that the nature of how the questions are answered is up to the minister and the officers. You can put whatever proposition you like but, really, they will answer them how they determine to answer them.

Senator IAN MACDONALD—So there isn't a single person who is in charge of the process?

Dr Parkinson—I have told you that it is done through our parliamentary and executive area that reports to one of the deputy secretaries, Mr Leeper. Mr Leeper and I are in the same boat in terms of what knowledge we have on this issue at the moment. We cannot tell you the answers to the questions you have asked. What I have said is that I will try and deal with Senator Fisher's questions by morning tea—if we can dig that information out—and I have quite happily said that I will take Senator Abetz's and Senator Birmingham's questions on notice. I am trying to help, but you are actually asking me for information which we do not have here at the moment.

Senator IAN MACDONALD—Mr Leeper, you cannot tell us how many questions went to the minister prior to the election?

Mr Leeper—My response would be the same as the secretary's responses.

Senator IAN MACDONALD—That is a good response for a deputy secretary.

Senator ABETZ—Mr Leeper, do you know—

Mr Leeper—Sorry, do I know what, Senator?

Senator ABETZ—Do you know when certain draft answers were submitted to either Minister Wong's office or Minister Combet's office?

Mr Leeper—Not in detail.

Senator ABETZ—There were 126 questions that remained outstanding. I trust that is specific enough for you.

Mr Leeper—Not in detail and the secretary is asking to take that on notice.

Senator ABETZ—Do you know if any were sent to Minister Wong prior to the election—any? You do not need to be specific about numbers. You should not have to look at the secretary to know whether you know, Mr Leeper. You either know or you do not know.

CHAIR—Senator Abetz, you have asked the question and let the officer answer.

Senator ABETZ—He is not answering. He is looking to the secretary.

Dr Parkinson—Senators, I do not know that there is anything else we can give you an answer to without going and getting the data. I have told you I will go and get the data.

Senator ABETZ—Mr Leeper seems to know, Dr Parkinson, and he seems confined in relation to answering because of certain eye contact between you and him. I would have thought Mr Leeper must know whether or not he is personally aware of whether draft answers went to Minister Wong's office or not. Surely he must know that.

Dr Parkinson—Senator, senior public servants know their obligations in a period before Senate estimates. To suggest that Mr Leeper—

Senator ABETZ—So why can't Mr Leeper tell us that?

Dr Parkinson—To suggest that Mr Leeper would not respond accurately because of some incidental eye contact then is, I think, quite, quite inappropriate in reference to both Mr Leeper and myself. You and I talked about how we might operate here. We have both made efforts to try to make this work as well as possible and I think that we are straying into a form of questioning—and it is your right to ask these in whatever form you want—where I think it makes it difficult for us to help you in the way that you—

Senator ABETZ—Dr Parkinson, Mr Leeper clearly has an answer. He knows whether any questions were given to the minister, and you are interfering—

Dr Parkinson—I am not. Mr Leeper can answer the question. The question was put—

Senator ABETZ—All right, so will you go back to Mr Leeper then?

Dr Parkinson—If you will let my finish, the question put to me was do I know, and I have said I do not know.

Senator ABETZ—Well, let us get back to Mr Leeper.

CHAIR—Can we just bring the debate to a bit of order. Mr Leeper, do you have anything to add in relation to this question?

Mr Leeper—Yes, Chair. After every hearing, we make every effort to ensure that questions that are taken on notice are answered, and answered in as timely a fashion as possible. I cannot identify particular questions, but I can say to you that some answers to questions on notice would have been provided to Senator Wong's office prior to the election. I cannot tell you how many or which ones, but we made an effort to get at least some questions to the office. But clearance of those questions is a matter for the office of the minister. And then they may be redrafted or sent back with comments to the department so I cannot tell you how many, but my recollection is that at least some were provided prior to the election.

Senator ABETZ—Mr Leeper, thank you very much, because you knew that answer, I suggest to you, before you gave us the answer that you had nothing further to add to Dr Parkinson's. Clearly, you had more knowledge than Dr Parkinson that you were reluctant to share with us. Can I thank you for sharing—

Mr Leeper—I don't accept that, Senator.

CHAIR—I propose that if there are further questions on the issue of questions on notice from any of the senators—

Senator IAN MACDONALD—Yes, I now want to go back to the minister. It has been established that answers were given to you, Senator Wong, when you were the minister for climate change. My question to you, Minister, is: why didn't you release them when they came to you?

Senator Wong—If you want answers to that I would need to look at what was actually provided and what came to me.

Senator IAN MACDONALD—You cannot remember?

Senator Wong—No, Senator. I do not remember prior to the election what answers I received.

Senator IAN MACDONALD—Will you do that?

Senator Wong—I will—

Senator IAN MACDONALD—Put it this way: we are asking you on notice if you will tell us which answers you got prior to the election and why you did not release them.

Senator Wong—I think that Dr Parkinson has already said that he would take on notice which questions were received. Insofar as I am able to assist in providing any further detail in relation to that set of data I will. Obviously I have a different portfolio and I do not have many of the staff who were handling these issues in my previous portfolio. So there may be some limitations on my capacity to assist, but insofar as I am able to do so I will.

Senator IAN MACDONALD—You are a cabinet minister, Minister. One would hope that you can at least remember a couple of months back and why you did not release, quite clearly, a number of questions that came to you prior to the election.

Senator Wong—I think the evidence was ‘some’, Senator.

Senator Ian Macdonald—The assumption being, of course, that they were politically sensitive and not to be released before the election. That then brings into question the whole process of estimates committees, of questions of accountability and of arrogance of a government fighting for its political life.

Senator Wong—I suspect, Senator, that if anybody were to look at this hearing that the arrogance issue may well be significantly more on that side of the table in the range of lectures you have already given, in the first 40 minutes, to me and to a range of public servants.

Senator IAN MACDONALD—I did not know there was a mirror on this side.

Senator Wong—I have said that Dr Parkinson has taken on notice the detail of which questions were provided to me in my former capacity. If I am able to assist I will.

CHAIR—Have we finished with general questions on notice?

Senator ABETZ—Are we now on specific questions on notice?

CHAIR—Yes.

Senator ABETZ—Let us start at question No. 1 which is in relation to the last budget estimates.

Senator Wong—Are you going through all the questions on notice?

Senator ABETZ—Some of them, yes, but it just so happens that we are starting with question No. 1. Don’t worry, I am not going to go through all 126 of them. Mr Leeper, I am anxious to know when you first found out about the government’s backflip—sorry, change of heart—in relation to the Carbon Pollution Reduction Scheme. There was some reluctance, but in the answer I was told that the second time you knew about it was at 2.21 pm. The third time you found out about it on that day was at 9 pm. But surprisingly we are not told the first time you were told about it—whether it was at 9.01 am or 9.20 am. All we are told was that it somewhere after the media conference at Nepean Hospital. Can I ask for some specificity, Mr Leeper, as you must know when you were first told or provided with an informal, not an official—whatever that means—transcript of the Prime Minister’s doorstep media conference at Nepean Hospital.

Senator Wong—Can I just clarify, Senator, that we are looking at the same answer. The answer includes the sentence, ‘The first of these was an informal, that is, not official transcript—PM’s doorstep media conference at Nepean Hospital’. So the question you are asking Mr Leeper is when he received that transcript?

Senator ABETZ—Very good!

Mr Leeper—From memory, it was an email at about 1.27 pm.

Senator Wong—There is no need to be unpleasant, Senator Abetz.

Senator ABETZ—That is 1.27 pm?

Mr Leeper—That was an unofficial transcript—which is why I used those words in the answer.

Senator ABETZ—Given that you provided us with a specificity of 2.21 pm and 9 pm, why didn't you tell us in the answer that the first you got to hear about it was at 1.27 pm?

Mr Leeper—It is the response that the minister has cleared. But in drafting the response, because it was informal—that is, it was not something on which I was relying—quite clearly, in the hearing, when you read the transcript of page 41 of the *Hansard*, you are after very specific points of the day. An informal transcript of a doorstep media conference is not something I would pin recognition on in relation to a government decision. The second was an email relating to an online article, but only in the third time would I suggest to you that I was then officially informed about the decision. So in the answer I am saying to you that, at nine o'clock that night by way of a departmental officer's email, I would consider to have been officially advised of the decision to defer implementation of the CPRS. That is exactly what the answer says.

Senator ABETZ—So you were only officially told at 9 pm but the first time you were told something was at 1.27 pm. Given the amount of work that you had done on this scheme, didn't that excite you to make any phone calls to the head of the department or anybody else to say, 'What about these reports? Surely this is untrue. Surely the "greatest moral challenge of our time" is still going to be addressed.' Did you follow up at all once you were advised at 1.27 pm?

Mr Leeper—Your questions went to advice that I would have received. I do not recall having any notes around that time that I would have written down. I went back to the documentary record and identified particular emails that were relevant. The answer was prepared on that basis.

Senator ABETZ—Yes, but did you make any proactive calls after you were first alerted at 1.27 pm to see whether this report was true, correct, wrong or indifferent? Did you just sit there and think, 'Oh yes, I've just spent years of my life working on this and what does it matter if they are going to scrap it? It's of no interest to me. I'll just sit idly by and wait for the official communique to come through at nine o'clock tonight.' I am just suggesting to you that you may have made some proactive calls or inquiries to ascertain the veracity of the 1.27 pm communication that you received.

Mr Leeper—I may or may not have done that, but those things are not on the documentary record and your question was very specific to me. You wanted to know—

Senator ABETZ—Yes, and I am now asking: do you have any recollection of that occurring?

Mr Leeper—There may have been incidental conversations during the course of the afternoon. Certainly something like what appeared to be a doorstep announcement of a significant policy change would be something that would have drawn my attention, yes, but I cannot tell you with whom I would have had those conversations. It would have depended on who was around the office at that time and what other things they were doing. As I said in my evidence at the previous hearing, I was establishing the regulator; I was not involved in the policy work. I was not naturally or normally involved in any of these conversations.

Senator ABETZ—I fully understand that, but you didn't make any proactive inquiries after the 1.27 pm alert.

Mr Leeper—I would have to check that.

Senator ABETZ—If you could, please, I would be much obliged.

Mr Leeper—Certainly.

Senator ABETZ—We were told in answer to question 3 that the last cabinet meeting prior to the Prime Minister's announcement on 27 April was held on 21 April 2010. We were also told at question No. 4 that there was a cabinet meeting held on 27 April. So that I can get that absolutely clear, Minister Wong, the cabinet meeting on 27 April was after the announcement—is that correct? If we read questions and answers 3 and 4 together—

Senator WONG—I am sorry; I do not have those.

Senator ABETZ—I think that is the conclusion we can come to.

Senator WONG—If you could just wait, we will get that for you.

Senator ABETZ—Yes, of course.

Senator Wong—Sorry; we are just trying to recall—

Senator ABETZ—Questions 3 and 4.

Senator WONG—Yes, I have seen the questions. What was your—

Senator ABETZ—That the cabinet meeting that was on 27 April was after the announcement that the Carbon Pollution Reduction Scheme would not be proceeded with.

Senator WONG—I believe so. This is testing my memory a little. There were quite a number of meetings through this prebudget period, obviously, but my recollection is that that is the case.

Senator ABETZ—If that is not the case, you will get back to us of course?

Senator WONG—Yes, absolutely.

Senator ABETZ—Thank you. Just to nail question 22 right down on the Home Insulation Program, can you confirm to us that it was solely the CPSISC's decision to move the training from—

Senator WONG—Senator, I am sorry but we appear not to have question 22. We are just getting it from the secretary.

Senator ABETZ—Will you get questions 23 and 25 regarding the training that was undertaken for the Home Insulation Program.

Senator WONG—We do have these. These go to the Home Insulation Program.

Senator ABETZ—That is right.

Senator WONG—I am in this committee's hands. I presume there will be quite a number of questions in relation to the Home Insulation Program, and I invite you, Senator Abetz, to consider whether you might want to do those as a block. Those go to the detail of a range of issues on HIP.

Senator ABETZ—I must say that is a fair enough suggestion on the Home Insulation Program. When would that be coming up?

CHAIR—We can deal with that under 1.2.

Senator ABETZ—What time is that coming up?

CHAIR—It depends how long we spend on some of these things.

Senator ABETZ—It is next.

Senator Wong—We are doing general questions then 1.1 then 1.2. I would invite Senator Abetz, if he has specific issues on questions on notice in that outcome—outcome 1.2—he could indicate those, then we will make sure—

Senator ABETZ—22 and 23.

Senator Wong—22 and 25—and 23.

Senator ABETZ—25, yes. And the others relate to that as well. Thank you. That is fine.

CHAIR—Senator Macdonald, general questions?

Senator IAN MACDONALD—Thank you. Minister, on 5 October I put a question on notice to the minister, and I am going to ask it again now—because of the record of the department in answering questions, I perhaps might have more success here—it is germane to the whole question of climate change. My question was in reference to some articles under the heading ‘Royal Society issues new climate change guide and admits their uncertainties about the science’ and another headline saying ‘Royal Society bows to climate change sceptics’. I submitted both articles, and my question was: is the minister aware of the articles—he would be now, because I sent them to him 10 days ago or more—does the minister have a general response to that? Is it, as those articles suggest, the fact that the Royal Society, which has some reputation in this area, is now less confident of the science than it has been in the past?

CHAIR—Senator Macdonald, before we do that, can I just seek some views on this. It seems to me again this would be program 1.3 and it would be specific—

Senator Wong—I am happy to take that question. Senator Macdonald often asks questions about the veracity of climate change, so we are prepared for that.

Senator IAN MACDONALD—I thought it was a broad question. I am one of those who, right from day 1, accepted that the climate is changing. I do not know what the minister does when I speak in parliament—perhaps she is asleep; she is certainly not administering her department. That is clear. She is not answering questions on notice.

CHAIR—Not everyone is putting their views on the table.

Senator Wong—When Senator Macdonald has finished engaging in yet another one of his personal asides—

Senator IAN MACDONALD—I was just responding to you, Minister.

Senator Wong—Thank you. We have at the table Professor Steffen and Mr Carruthers—who is here at his last estimates, so be gentle with him. I think they are both in a position to respond to this.

Mr Carruthers—The Royal Society published in September an update of its assessment of the state of knowledge of climate change. There are a number of national academy bodies around the world that have produced similar products, including the Australian Academy of

Science. As you point out, Senator Macdonald, there has been a certain amount of media coverage of the Royal Society publication. The document lays out the scientific facts on the subject of climate change. It identifies those matters on which the science is confidently understood, those areas that are moderately well understood and those areas of the science for which, at this stage, knowledge is incomplete. Some of the public reporting of this report has not been accurate and some of it has been accurate. The Royal Society was sufficiently concerned about some of the Australian media coverage, in particular that of the *Australian* newspaper, it wrote to the *Australian* indicating that the media coverage was inaccurate and corrected the record.

Senator IAN MACDONALD—The article I sent to the minister on 5 October is from the *Times* not the *Australian*. Perhaps it is wrong, but it says:

The new guide says: ‘The size of future temperature increases and other aspects of climate change, especially at the regional scale, are still subject to uncertainty.

It adds:

It is not possible to determine exactly how much the Earth will warm or exactly how the climate will change in the future.

Thirdly, there is what I assume is a direct quote from the Royal Society report:

There remains the possibility that hitherto unknown aspects of the climate and climate change could emerge and lead to significant modifications in our understanding.

Are the quotes in the *Times*—forget about the *Australian*; the government seems to have a fixation with the *Australian*—accurate?

Mr Carruthers—The *Times* article appeared the day before the *Australian*’s article. I think it would be fair to say that the *Times* article was incorrect in a number of respects. I will read from the letter from the Royal Society to the *Australian*:

... your correspondents suggest that the society has changed its position on climate change. This is simply not true. There is no greater uncertainty—

this relates to your point about uncertainty—

about future temperature increases now than the Royal Society had previously indicated. The science remains the same, as do the uncertainties—

as anyone who actually reads the document can see. The letter continues:

Indeed, the purpose of the new guide is to help people understand what is well established and what is still uncertain.

I think this is indicating that a body like the Royal Society—and indeed other scientific institutions—is very careful to indicate the levels of confidence in the state of the science of the day, and where the state of the science is uncertain they are very clear about indicating those uncertainties.

Senator IAN MACDONALD—As I said, let us forget about the government’s fixation with the *Australian*. The second article which I sent to the minister 12 days ago quotes the *Daily Mail* in the UK, and it is a rather larger article than the *Times* article. You have the article in front of you or I hope you do, because, as I said, the minister has had it for 12 or 13 days. This article again quotes the Royal Society:

There is very strong evidence to indicate that climate change has occurred on a wide range of different timescales from decades to many millions of years; human activity is a relatively recent addition to the list of potential causes of climate change.

Are those quotations included in the *Times* article and in the UK *Daily Mail* article accurately recorded from the Royal Society's report?

Mr Carruthers—I expect so.

Senator IAN MACDONALD—So there are articles in those two UK papers, and the lead in the *Times* article says:

Britain's leading scientific institution has been forced to rewrite its guide to climate change and admit that there is greater uncertainty about future temperature increases than it had previously suggested.

I see Professor Steffen shaking his head. Is that not an accurate interpretation by the *Times*?

Mr Carruthers—No. Indeed, that is contrary to what the Royal Society has set out in the letter from which I just quoted. The science remains the same, as do the uncertainties—as anyone who reads the document can see.

Senator IAN MACDONALD—Are you aware of that second article—the one from the *Daily Mail*?

Mr Carruthers—I have not seen that article, personally. I have been overseas for the past week.

Senator IAN MACDONALD—One quote that is alleged by the *Daily Mail* to come from that report is:

The Royal Society now also agrees with the GWPF that the warming trend of the 1980s and 90s has come to a halt in the last 10 years ...

Senator Boswell interjecting—

Senator IAN MACDONALD—That is a bit of local knowledge from Senator Boswell.

CHAIR—Behave yourselves, you two!

Senator IAN MACDONALD—Is that accurately reported from the Royal Society? Is that inaccurate?

Prof. Steffen—Yes.

Senator IAN MACDONALD—So the Royal Society did not say that?

Prof. Steffen—No. I have the report here on my computer.

Senator IAN MACDONALD—Okay. Perhaps I am being a bit specific, when in this general area I was trying to be broader. You do not accept the premise of either of those two UK publications—forget about the Australian one, as I said—and the subeditor's headlines, 'Royal Society issues new climate change guide but admits there are uncertainties about the science.'

Mr Carruthers—The Royal Society has issued a new report, as I said, and, yes, the Royal Society does point to areas of the science where there are uncertainties. Uncertainty equals incomplete knowledge; it does not mean that climate change is not a phenomenon. In virtually

all areas of science there is science which is well known and there is science which is incompletely known. The same could be said about a topic like gravity.

Senator IAN MACDONALD—We all accept that climate has changed. We used to be covered in ice once upon a time, didn't we?

Prof. Steffen—Not here.

Senator IAN MACDONALD—It was here, wasn't it?

Prof. Steffen—Just up in the Snowy Mountains. There was very small glaciation in Australia. Most of the glaciation was in the Northern Hemisphere.

Senator IAN MACDONALD—So Australia was never covered in ice?

Prof. Steffen—When it was connected to Antarctica, a long time ago—when it was not known as Australia.

Senator IAN MACDONALD—So the climate has changed; everyone accepts that.

Prof. Steffen—Yes. I have the Royal Society report in front of me. I want to refer to your question about whether the warming has stopped over the last decade. The precise quote from the report is, 'The decade 2000 to 2009 was globally around 0.15 degrees Celsius warmer than the decade 1990 to 1999.' Warming did not stop this past decade. That quote was from the Royal Society report.

Senator IAN MACDONALD—What dates were those?

Prof. Steffen—The decade from 2000 to 2009 was globally around 0.15 degrees Celsius warmer than the decade to 1990 to 1999. It is clear in the report that they did not say that the warming stopped in the year 2000. First of all, I have not read any of those newspaper reports. I never go to the newspapers to find out what the scientists say; I go to the scientific journals. Whatever you are quoting in those newspapers must have been a misrepresentation of what is in the report.

Senator IAN MACDONALD—You must be accurate. What I quoted from the *Daily Mail* was this:

The Royal Society now also agrees with the GWPF that the warming trend of the 1980s and 90s has come to a halt in the last 10 years.

Prof. Steffen—It clearly has not if the temperature is still going up.

Senator ABETZ—Hasn't it slowed down, though, compared with what it was in the eighties? What was the warming trend in the eighties, the nineties and the noughties?

Prof. Steffen—They are all between 0.1 and 0.2. The other thing I should say is that, from my perspective, you should never go to fewer than three decades to get a record of climate; otherwise, you get more and more contamination with interannual variability—the shorter timescales. I much prefer that people use the entire record that we have, which goes back to the 1800s. For an instrumental record—and, of course, longer than that, you need proxies. But to get a sense of what the climate is really doing—and, as you noted, it operates on a number of timescales. To understand what is happening now we need to match the timescale of the human perturbation of the climate—that is, greenhouse gas emissions since the industrial revolution—with the behaviour of the climate since the industrial revolution. It does not

matter what it did 500 million years ago or what it did last year; those are not the relevant timescales. There has been a lot of hoo-ha in the media about picking a timescale to try to prove a point but that is actually not how science really operates.

Senator IAN MACDONALD—I will leave that there. My broad, general question just to finish this is: is it your understanding of the Royal Society's report that nothing has changed?

Prof. Steffen—That is correct. In fact, the uncertainties about the future development in climate have been around for a long time, and we understand these. Indeed, there are a wide range of projected climates out to 2100. The temperature rise over this next century varies anywhere from about 1.5 up to about 6 degrees Celsius, depending on assumptions of how we meet greenhouse gases in the future, which we do not know, and how the climate behaves. We know that rather better. I will say that, as we gain more information, both testing the models in the past with what has actually happened over the last couple of decades and understanding the processes, we think that there is a higher risk at the upper end of those uncertainties rather than at the lower end.

Senator IAN MACDONALD—Are you a member of the Royal Society?

Prof. Steffen—No, I am not.

Senator IAN MACDONALD—If I sent the Royal Society your transcript today, would they agree with you?

Prof. Steffen—I am pretty sure they would—and I would be happy for you to do so.

Senator IAN MACDONALD—I will; thank you.

CHAIR—Senator Milne, I indicate that we will be coming back to this issue in 1.3.

Senator BOSWELL—What are we on now?

CHAIR—We are on general questions.

Senator MILNE—I want to follow up on the climate science while Professor Steffen is here.

Senator ABETZ—Professor Steffen will be here for 1.3—is that correct?

CHAIR—Yes.

Senator ABETZ—So, if we have questions for Professor Steffen, we do not have to ask them now; we can put them in at 1.3?

CHAIR—Yes, that is right. I am prepared for that flexibility.

Senator ABETZ—That is fine. Senator Milne just prefaced her question by saying, 'Whilst Professor Steffen is still here.' If he were going to leave after this, I was going to indicate that I had some questions but, if he is going to be here at 1.3, that is fine. Sorry to interrupt, Senator Milne, but I wanted to clarify.

Senator MILNE—Thank you, Senator Abetz; forever helpful. The question—

Senator ABETZ—Why are you asking now and not at 1.3?

Senator Wong—Senator Macdonald—

Senator MILNE—With respect, Chair, we have sat here for an hour and have not really got very far so I think I can ask for the indulgence of the committee to ask a question at this point.

CHAIR—I think that is fair enough. Let us get on with it.

Senator MILNE—The question I want to ask is in relation to the climate science—in particular, the evidence that is emerging that natural processes are slowing down in their ability to absorb CO₂, particularly the oceans, but also terrestrial environments are slowing down in their ability to absorb CO₂. Can you tell us whether that is true and can you indicate what that means for recalibration of the level of effort that will be required to constrain global warming to less than two degrees, as is Australia's commitment under the Copenhagen Accord?

Prof. Steffen—For members who do not know the background science, the background to that question is that over half of the human emissions of greenhouse gases actually do not end up in the atmosphere; they are reabsorbed back down at the earth's surface, roughly equally by land and ocean. This has been occurring proportionately since the increase in industrial emissions. In other words, there is a big, free service provided by oceans and lands with a pretty constant fraction until recently. We measure this quite carefully because it is a very important point that we need to factor in to targets for emissions reductions. There is some evidence that the ocean has slowed over about the last three or four decades, from taking up roughly 30 per cent or so down to maybe 25 or 26 per cent of our emissions. The land seems to be holding its proportional strength, although there is enormous variability year to year with El Nino years and so on. There is some concern that, as the climate shifts even more, these sinks may weaken and, if that is so, we need to increase our ambition for reducing emissions. To maintain the concentrations in the atmosphere we believe we need to limit climate change to two degrees. That is indeed a scientific question that we are putting a lot of effort into these days.

Senator MILNE—I would like to now ask the department: how do you actually take into account the latest science beyond the IPCC latest report, if you like? According to what Professor Steffen has just said, if the oceans are now able to absorb five per cent fewer emissions than previously, what are we doing to recalibrate our targets et cetera in the light of the latest science—that and sea level rise and all the other indications that are coming in? How does the department actually deal with that?

Mr Carruthers—On the matter of progress of the science, the government continues to fund the science agencies. Indeed, the department, through the Australian Climate Change Science Program, provides direct funding to CSIRO, Bureau of Meteorology and others. The department is provided with periodic updates of the science. Professor Steffen certainly serves that role and from time to time has published updates of the science which the department has issued. In terms of the connection between science and policy, of course the government does draw very heavily on the science in framing policy on the matter of targets. Perhaps Dr Parkinson may want to deal with that angle.

Dr Parkinson—Just to add to what Mr Carruthers has said, these sorts of developments influence our thinking about adaptation responses that will be needed. As you know, we have

done work on the coastal impacts, so it feeds into the sorts of scenarios we think about there and the likelihood of those occurring. On the context of mitigation, the government has laid out, as part of its commitment in the Copenhagen Accord, a range of targets from five to 15 per cent below 2,000 or up to 25 per cent if the world is prepared to sign up to an agreement that will deliver 450 parts per million. The thing that I think of as an economist when I listen to Professor Steffen is that this is influencing the probability of how significant the impacts will be, and that influences our adaptation strategy, our international strategies in terms of the commitment to try to drive global agreements and the way in which we think about the mitigation challenge domestically.

Senator MILNE—That is the point I am getting to—how does it affect the mitigation strategy and the level of ambition, because we are not seeing it. The government continues to reiterate a target range it had five years ago, and the science clearly is giving the world, including the Australian government, a different view about the level of ambition that is necessary. What I am trying to get to is how the interface between the science and the policy actually influences mitigation policy. It is not clear to me that that is happening.

Senator Wong—I will let Dr Parkinson speak to you about the policy issues, but I would make the point that policy is more than targets—policy is actually ensuring there is a mechanism to meet them. The advice that the government has received and that has been made public is that you cannot reach the target range without a price on carbon. Currently Australia does not have a price on carbon and, as Minister Combet has said, the longer the delay on this the more difficult it is for these targets to be achieved. So it is not an esoteric discussion about simply changing a target on a piece of paper; it is actually putting in place the policy which will achieve it.

Senator MILNE—I am aware of that but I am just trying to get to the point of at what point does the science influence the policy, because there is no obvious evidence that the science is influencing a changed policy. However, we are not going to get anywhere on that.

Senator WILLIAMS—How many human-produced tonnes of CO₂ are expelled around the globe in one year—from coal-fired power, gas generation etc.

Dr Parkinson—Broadly in the region of 25 billion tonnes.

Senator WILLIAMS—And Australia would produce around 550 million tonnes?

Dr Parkinson—Thereabouts.

Senator WILLIAMS—Is that about 1.4 per cent?

Dr Parkinson—That is broadly right.

Senator WILLIAMS—If 550 million tonnes is 1.4 per cent, the world probably produces around 40 billion tonnes a year.

Mr Carruthers—Australia's emissions are around 550 million tonnes.

Senator WILLIAMS—And I was told that was around 1.4 per cent of the world's emissions.

Prof. Steffen—I think it is around 1.4 or 1.5; that is correct.

Senator WILLIAMS—That, to me, would make about 40 billion tonnes a year. If 550 million is about 1.5 per cent, one per cent would be about 390 million tonnes and multiplying that by 100 to give you 100 per cent gives you 39 billion. Let us assume that we put out 40 billion tonnes a year. Do those figures include volcano expulsions, bushfires etc?

Prof. Steffen—Volcano emissions are tiny compared to human emissions, so they would not affect that total number much at all. They do include land-based emissions, but those are through deforestation. The bushfires come in in terms of the behaviour of the land sink that I was referring to before. The bushfires that dominate the global budget are not ours; they are the ones in the boreal forests of Canada and Russia. When there are high bushfire years up there—and there have been a number of them recently—the strength of the land sink goes down. In terms of carbon cycle budgeting, the behaviour of natural ecosystems in terms of respiration and fires comes into the sink term, not the source term. The source term is reserved for direct human activity—that is, cutting down trees to create agricultural land, burning fossil fuel, driving motor cars et cetera.

Senator WILLIAMS—You say we must reduce the burning of fossil fuel over time to reduce these emissions, obviously?

Prof. Steffen—The science is pretty clear. The temperature trend that I referred to, the Royal Society has referred to, our academy has referred to and the IPCC has referred to is largely caused by the emission of greenhouse gases by humans. Over 80 per cent of that is fossil fuels. By far the smaller fraction is due to deforestation.

Senator WILLIAMS—One thing I find amazing is that the port of Newcastle exports 100 million tonnes of coal a year. The New South Wales government is spending money to expand that port to double the export of coal to 200 million tonnes a year. I assume that other 100 million tonnes are not going to be used for horse-bedding or whatever. What I find so ironic is that we have the Commonwealth government saying, ‘We must reduce our emissions’ and we have a New South Wales government saying, ‘Let’s improve the productivity of the port of Newcastle and double it.’ I am talking about the hypocrisy of it all, that we are looking to double our exports. It just does not add up to me.

Senator Wong—I would expect that question from Senator Milne.

Senator MILNE—Do we have a recruit?

Senator WILLIAMS—Minister, I am just highlighting the hypocrisy of the Labor Party at a federal and a state level.

Senator Wong—I am happy to respond on that and Dr Parkinson is quite practised in answering this question, and Senator Milne will not agree with my answer. If you look at the projections for coal consumption out to 2015, regardless of Australia’s production, coal continues to be a very significant proportion of the world’s energy consumption. If you are going to deal with climate change globally, you are going to have to find a lower emissions solution for coal, and that is why the government has put a substantial amount of money into assisting the world to do that.

Dr Parkinson—The Carbon Capture and Storage Flagships Program is in the region of a billion and a half dollars. The Global Carbon Capture and Storage Institute is I think in the

region of about a hundred million and that comes on top of very significant investments that were made under the previous government.

Senator Wong—So my point is that the government is not going to do what some parts of the community have called for which is to stop exporting coal. What we are doing is investing in developing the technologies which the world will need, given that the world will continue to use coal in whatever proportion.

Senator WILLIAMS—According to my figures we should be around 40 billion tonnes a year of CO₂. I believe that China—

Senator Wong—Senator, it is the carbon—

Dr Parkinson—We are switching between CO₂ and CO₂ equivalent.

Senator Wong—Hence the difficulty, so we should probably get Professor Steffen or Mr Carruthers to be really clear what the numbers are.

Prof. Steffen—If I may, there are two complexities here: one is carbon dioxide itself; the other is that the other greenhouse gas is converted into the equivalent amount of CO₂—it is called CO₂ equivalence. The other thing that is being thrown around here is that scientists often use the weight of carbon rather than the weight of carbon dioxide.

Senator WILLIAMS—It is about a quarter, is it not?

Prof. Steffen—Now we are switching between carbon and carbon dioxide, and the difference between the atomic weight and the molecular weight. That is the second complexity. I usually work only in carbon. The world emits between nine and 10 billion tonnes of carbon. It has some other atoms hanging on it that really do not matter, but if you add the two oxygen atoms you get close to 40 billion tonnes. It is really all internally consistent, but we are using different units to talk about it.

Senator WILLIAMS—Are you familiar with Professor Latif, one of the key advisers to the IPCC?

Prof. Steffen—No, can you give me his background? There are a couple of people associated there.

Senator WILLIAMS—He is one of the key advisers to the IPCC and he says now that the globe is not warming, that in fact it will cool for the next 10 to 20 years.

Prof. Steffen—I would not agree with that at all. I would like to know his background and what he has published.

Senator WILLIAMS—Perhaps you might check him out. He is saying that the globe is actually cooling and will cool for the next 10 to 20 years, which makes a myth of the whole field.

Prof. Steffen—No, again, from the Royal Society report, the decade 2000-09 was 0.15 degrees Celsius warmer than the decade before. The decade 1990-99 was warmer than the one before. I can show you the temperature trend since the mid-1800s when greenhouse gases started going up, and you will see the trend quite clearly and it has not stopped during this last decade.

Senator WILLIAMS—Were those mid-1800 levels some of the coldest levels recorded on earth according to ice samples over the last 10,000 years?

Prof. Steffen—Depending on what timescale you would like, I could give you a 2,000-year temperature record so you could see the 1880s in context of the longer-term trend. The world, for the last 10,000 years, has been in what is called the Holocene, which is the last interglacial state. It has been a rather steady, warm period for the planet and now we are moving outside of that Holocene envelope, quite clearly, with a temperature rise of 0.8 of a degree since the late 1800s.

Senator WILLIAMS—I would like a yes-no answer—are sea levels rising?

Prof. Steffen—Absolutely.

Senator WILLIAMS—So Professor Nils-Axel Morner from the Stockholm University—who has been measuring sea levels for 35 years and says that sea levels rising is total fraud—is obviously wrong, is he?

Prof. Steffen—Well, let me say one thing.

Senator WILLIAMS—He is not forming an opinion. He has been measuring—

CHAIR—Let Professor Steffen answer.

Senator WILLIAMS—Could I complete my question, Chair, please? I will start my question again. Is that okay, Chair?

CHAIR—Yes.

Senator WILLIAMS—Professor Nils-Axel Morner from the Stockholm University, who has been measuring sea levels for 35 years in places such as the Maldives, says that sea levels rising is fraud. Is he wrong?

Prof. Steffen—Yes, he is wrong.

Senator WILLIAMS—He has been measuring them for 35 years. He is not projecting a forecast for the future; he has actually been looking at the reality of sea levels for 35 years. And you say he is wrong?

Prof. Steffen—Yes, he is. And so have hundreds of other people and so have satellites over the last few decades. Certainly, local sea level rise varies due to a number of factors. You have to look at the globally averaged sea level rise to find out what is happening to the entire climate system. I happen to have had the privilege of living in Stockholm, Sweden, for 6½ years and I can tell you that there in Sweden sea level is falling, simply because they are still rebounding from having a massive ice sheet on them during the last ice age. So you have to understand what is happening locally to interpret local sea level rise. Now I have come across a few scientists—I do not know this gentleman from Stockholm—who misinterpret what is happening locally and extrapolate that globally without talking to their colleagues. The only way to sort this out is to go into the peer-reviewed scientific literature, look at the papers this guy has published—vis-a-vis hundreds and probably thousands of papers elsewhere—and come up with a global consensus. That is exactly what groups like the IPCC do. That is what we do in Australia when we look at sea level rise around Australia. And if you would like a really detailed account, I will put you in contact with Dr John Church of the CSIRO, in

Hobart, who is a world leading authority on sea level rise. He can give you straight from the horse's mouth, as it were, what is happening to sea levels around the world.

Senator WILLIAMS—I just want to take you to my last point—soil carbon.

Prof. Steffen—Yes.

Senator WILLIAMS—You are very familiar with sequestration of carbon in the soil, I believe?

Prof. Steffen—Yes.

Senator WILLIAMS—If we were to increase soil carbon by one per cent—it is the equivalent of about 15 tonnes, the top six inches of the soil, of carbon or 45 tonnes of CO₂—over the 450 million hectares of our agricultural land by three per cent, do you realise that would 100 per cent neutralise our emissions for more than 100 years, and yet would make the soil better and it would not require a tax or an ETS? And if this does prove to be wrong, the science in the future, at least we have looked after our land instead of going down this road of a price on carbon.

Senator Wong—I will ask Professor Steffen or others to comment on the soil carbon issue, but in terms of your assertion, I am not clear how you are proposing to fund it. You made the assertion that this is free. You know that farmers would have to provide a—

Senator ABETZ—Point of order!

Senator Wong—He is making an assertion.

Senator ABETZ—The minister is now reverting to one of her favourite activities and that is to ask questions—

Senator Wong—I have been extraordinarily quiet!

Senator ABETZ—and get into arguments as opposed to reminding herself that she is there with the officials to actually answer the questions that were asked.

CHAIR—I think there is a process required where, if some further information allows the minister to respond effectively, that is fair and reasonable. If it is not argumentative and it is not designed to divert from the question, if it is on-point, I would tend to think it is a reasonable proposition to get further advice so the minister can respond more effectively than without that advice.

Senator Wong—I will not phrase it as a question, Senator. The second part of your question makes an assumption about an income stream. You would not get that kind of activity unless it was funded, and so either you fund it through the market or you fund it by taxpayers—that is, another great big new tax. So, Senator, the policy decision is yours, but I will respond to—

Senator Williams interjecting—

Senator Wong—I am just making the point—

Senator WILLIAMS—What about incentives?

Senator Wong—Who funds the incentives? Taxpayers would fund the incentives.

Senator WILLIAMS—There could be ways through tax deductions.

Senator Wong—Correct.

Senator WILLIAMS—The point I make is this—

Senator Wong—A tax deduction is funding by taxpayers. I am not necessarily unhappy—

Senator WILLIAMS—We could get a heap of money out of wasteful programs which you have wasted money on over the years.

Senator Wong—I am happy to respond and say that, if you—

Senator WILLIAMS—Perhaps school buildings or some pink bats—

CHAIR—Senator Williams, allow the minister to respond.

Senator Wong—If you wish to have a discussion about funding mechanisms, Senator, we can. I am simply making the point that you cannot airily put to this committee a proposition that somehow there is this free, easy way to sequester carbon in the soil. My point simply is that, if you are going to look at that, apart from the technical issues—and I will turn to officials on that—you are assuming that there is some way of funding it. The way of funding it that you are alluding to is that taxpayers fund it, because that is precisely what a tax deduction is: taxpayers fund it.

Senator WILLIAMS—My last question is to Professor Steffen—

Senator Wong—Senator, I might just stop you there. The first part of your question related to the technical viability of soil carbon, so I might ask officials to respond to that part.

Dr Parkinson—If Professor Steffen wants to talk briefly about the science then we are happy to talk about the economics of soil carbon.

Senator WILLIAMS—My final question is—

Senator Wong—They have not answered, Senator.

CHAIR—You have asked the question, so maybe Professor Steffen can deal with the science and then Dr Parkinson can deal with the economics.

Prof. Steffen—Yes, I can deal with the science. We generally view soil climate as a legacy issue—in other words, there has been carbon loss to the atmosphere over the last couple of centuries of western agriculture due to tillage techniques and so on. For a whole range of reasons, it is a good thing to get that carbon back in. We certainly agree with that. However, we would not see it scientifically as a panacea for the climate change issue. There is a very, very good reason for that. In fact, it is actually a trap scientifically. If you take the hypothesis that you store carbon in the soil instead of, or delay in, getting your industrial emissions down, you may slow warming a little bit but you will not stop it. Furthermore, the carbon that you put back in is vulnerable to further temperature rises and changes in precipitation. You are setting yourself up for a big efflux of carbon back out from the soil further in the century if you do not get industrial emissions under control. So there is a bit of trap there in terms of how the carbon cycle actually operates. It is good to get that carbon back but it will only be a long-term viable sink if you actually control the level of climate change.

Dr Parkinson—Senator, we might just finish the second part of your question, if you like. Mr Comley will make some observations about the economics of soil carbon.

Mr Comley—We have looked at the question and there are, in a sense, two parts to this question. One is: technically, what could you sequester in soil? Then the second is: what are the consequences of sequestering rather than the current economic activity that is on the land? We have looked at this in some areas, and probably the best example is looking at extensive grazing. Normally, when you look at numbers like 450 million hectares, obviously, you have a very large land area. You take a relatively small sequestration per hectare and you end up with large numbers of soil carbon. When you look at extensive grazing, which is a large proportion of that 450 million hectares, a study by the CSIRO published last year indicated that the sequestration potential on extensive grazing was in the order a third of a tonne per hectare. The question is: what do you need to achieve that third of a tonne per hectare per year? What you need to do is reduce stocking levels on that grazing land. In fact, it may be the case that you have to essentially remove stock completely from the land to achieve the round third of a tonne per hectare.

The New South Wales Department of Primary Industries tried to do an estimate of what the decline in farm income would be associated with the destocking required to get that level of sequestration. The answer they came up with, from recollection, is around \$85 per hectare. When you put those two pieces of information together, to destock on, say, three hectares to get one tonne of sequestration, the reduced farm income would be in the order of \$270 per year. So if you are looking at the economics of it, that information—and it could probably be refined with further work, and there may be better ways of doing it—would indicate that, from a farmer's perspective, until the payment or some other mechanism for compensating was well above \$200 a tonne, it is unlikely that you would untap that sequestration potential unless you could find a way of sequestering without destocking.

Dr Parkinson—That is not to say, Senator, that we think it is not valuable to try to improve the soil carbon levels. It is, because it is a good thing to do to the extent that it helps improve productivity in other areas. This is just to illustrate that the extrapolation of X per cent improvement over 450 million hectares give you very misleading results.

Senator WILLIAMS—I have no argument with that and no doubt with respect to the drier pastoral country compared with the summer rainfall, black soil country. I know a farmer who last year raised his carbon one per cent by making his own compost. With the savings on fertiliser, there is incentive to do it—more carbon, less fertiliser, and he raised it one per cent, which is about 15 tonnes of carbon or 50 tonnes of CO₂ per hectare in 12 months. So it can be done, and the incentive is saving on fertiliser. I am sure you have heard in the last couple of years about the price of fertiliser, with MOP up to \$1,700 a tonne. There is a huge incentive in itself for farmers to increase their carbon.

CHAIR—Senator Williams, is there a question in this?

Senator WILLIAMS—No, I am doing a Senator Cameron and just having a chat, actually.

Senator BOSWELL—There is a chamber called the Senate to make those sorts of speeches.

CHAIR—Senator Milne has a follow-up question from the issues you have raised, then I will go to Senator Boswell. By that time we will be getting close to morning tea and we will go to 1.1 when we come back.

Senator ABETZ—This issue is going to be raised again at 1.3

CHAIR—Hopefully it will not be raised to the extent that we would have needed to without this session, but it will be raised again at 1.3.

Senator MILNE—Following on from Senator Williams's question and your response about CSIRO doing that assessment, there was also the Pew Center report saying that there was a potential in Central Australia's arid zone to sequester about a billion tonnes additional as a result of feral animals, weed control, range of savannah burning changes and so on. To what extent was there a crossover between CSIRO's analysis that you were just talking about and the Pew Center analysis, or have the two been treated separately, or has the Pew Center analysis even made it onto the program in terms of assessment from the department?

Mr Comley—I think we were looking at the CSIRO report and I would have to check with my colleagues on the Pew Center. If we have anything to add, we can answer on notice.

Senator MILNE—You are familiar with the report I am talking about here.

Mr Comley—Yes.

Senator MILNE—Could you take on notice if there is a crossover on what is happening with that Pew Center report.

CHAIR—Senator Boswell.

Senator BOSWELL—Thank you, Mr Chair, and could I say that you are doing a great job as chairman.

CHAIR—Thanks very much.

Senator BOSWELL—Professor Steffen, have you done any scientific research that would impact on the fact that China, India and Russia—to name a few of many countries—are not prepared to prescribe any ways to reduce climate change, so they are going to go out and keep employing people, creating jobs, getting people out of living in cardboard boxes, feeding people and other things that a sensible government should do, but they are not going to try and reduce carbon in a meaningful way or put on a carbon price. Have you done any science that would give us a view of what this means to the world in terms of reducing carbon, when you have these nations that are refusing to get involved?

Dr Parkinson—Before Professor Steffen responds can I just say that I think there is a fundamental problem with the premise that they are not acting.

Senator BOSWELL—I did not say they were not acting, Doctor; I said they were not acting in a prescribed way. Yes, you can tell me that China is putting in windmills. Yes, I understand that, but they are not prepared to prescribe targets.

Dr Parkinson—They have prescribed different types of targets. The Chinese have, for example, committed to reducing the energy intensity—effectively the amount of CO₂ or CO₂ equivalent per dollar of GDP by between 40 and 45 per cent over the period to 2020 relative to 2005 levels. They have made a major commitment in renewable energy, both solar and

wind, and they are engaging in very significant reforestation activities. There is no requirement for them to adopt exactly the same policies that we adopt in terms of how we achieve restraint in emissions.

Senator BOSWELL—So you would be happy if Australia adopted the way they are reducing their carbon?

Dr Parkinson—Countries should do what works best for them. The global understanding at the moment—and this is reflected in the UNFCCC and the UN discussions—is what is called common but differentiated responsibilities. Everybody has a common responsibility to restrain emissions, but everybody can choose differentiated ways in which they choose to do it.

Senator BOSWELL—So when the minister went to Copenhagen—and I understand you were there, too, Dr Parkinson—I understand the debate was about getting the world, all the players, to agree to a prescribed way of reducing carbon.

Senator Wong—I think, Senator—

Senator BOSWELL—I asked Professor Steffen a question and Dr Martin Parkinson is running interference, and now you are running interference for Dr Parkinson.

Senator Wong—Actually, I was not. You asked about Copenhagen. I was there. You asked about what we were doing and I was trying to be of assistance just to be clear with you. I am not sure what you mean when you say in a ‘prescribed way’. I think when you are referring to reduction targets.

Senator BOSWELL—Yes, reduction targets.

Senator Wong—Dr Parkinson has explained that different countries might adopt different types of targets—different ways of expressing a reduction in emissions. But I did want to be clear that the issue at Copenhagen was perhaps less that countries were not acting, because countries were acting; the issue was how those actions were to be captured in an international instrument and to what extent countries were willing to put details of what they were doing into an international instrument. You wanted to ask Professor Steffen a question. If you are able to clarify what the question was, that would be good.

Senator BOSWELL—Professor Steffen, have you done any scientific research on how China, India and the other recalcitrant countries, which were not prepared to sign up to specific targets, would affect the removal or reduction of greenhouse gases in the globe?

Professor Steffen—Okay, what climate science does is take global aggregate emissions. We do not get into the policy questions of who emits what, who has what targets and so on. What we do is look at a global aggregate emission, what that means for the concentration in the atmosphere and then how that affects how the climate system operates. We leave the questions of who is doing or not doing for the policy sector. The research behind that is in the realm of social science, which is not my area of expertise. I do not work in an area.

Senator BOSWELL—Well, it reminds me of the Second World War, where they thought the best way to reduce the number of submarines was to boil the Atlantic Ocean. Someone said, ‘Well, that’s the best way to do it,’ and someone else said, ‘How are you going to do it?’

They said, 'Well, that's up to someone else to decide. The policy is to boil the Atlantic Ocean.' Now, I know that is a stupid—

Senator Wong—Senator—

Senator BOSWELL—That is exactly the same answer I am getting. You have a policy. You do not know how to do it.

Senator Wong—Please, Chair.

CHAIR—Senator Boswell, you have been given a lot of latitude here. Can you allow the minister to respond briefly.

Senator Wong—Senator, you asked Professor Steffen, who is a scientist, a policy question. If you want an answer to the policy question, I am sure one of the other officials at the table can assist you. He made the point that it is not his job as a scientist to make those policy decisions. If you want an answer in terms of the policy, I am sure Dr Parkinson or one of his officials can respond to you.

Senator BOSWELL—Thank you, but I think Professor Steffen has answered the question.

Senator Wong—No—

Senator BOSWELL—Yes, he has. He says he does not know—and that is the answer I have been looking for: you do not know.

Senator Wong—That is just—

Senator BOSWELL—I can go to some bureaucrat and he will obviously give me an answer that the government wants to give me, but I am asking a scientist, and the scientist has given me the scientific answer—

Senator Wong—Yes, and the scientist has given you the answer that—

Senator BOSWELL—He does not know.

Senator Wong—No, that is not right.

CHAIR—Senator Boswell—

Senator Wong—What you are saying is just wrong.

Senator BOSWELL—No, it is just right.

Senator Wong—It is just wrong, and it is—

Senator BOSWELL—The record will record that Professor Steffen does not know.

Senator Wong—Can I finish? Senator, really—

Senator BOSWELL—It is not his problem.

Senator Wong—Bozzie, I like you, but this is a really silly, silly way of dealing with this.

Senator BOSWELL—Well, the last time I had a 'silly way', we prevented an ETS from happening. So let us try another way—

CHAIR—Senator Boswell—

Senator Wong—That is another thing—

Senator BOSWELL—where people can actually understand—

Senator Wong—Professor Steffen has answered that as a scientist he is not in a position to give you an answer on policy. That is a different thing from saying he does not know, or it is nothing. Now, if you want an answer to your question, as opposed to just making a statement from your seat, I am sure one of the officials here—

Senator BOSWELL—Thank you.

Senator Wong—I have not finished—can give you a response. So, rather than just sitting there declaiming, perhaps you would like a response to your question.

Senator BOSWELL—No. I asked the professor a question; he has answered it in the best way he can, and it is a truthful, honest answer—

CHAIR—Senator Boswell, you have got two minutes before we break—

Senator BOSWELL—and I thank him for the answer to my question.

CHAIR—Senator Boswell, if you have any further questions, can you put them now.

Senator BOSWELL—Those are all the questions I have, thank you.

CHAIR—Okay.

Senator Wong—It is just typical, Senator, that you actually do not want an answer. You approached this on the basis of the bias in your views—

Senator BOSWELL—I asked for a scientific answer—

Senator Wong—You do not want an answer to the question—

Senator BOSWELL—I do not want a bureaucratic answer—

Senator Wong—you want the opportunity to give another lecture about how climate change is not real.

Senator BOSWELL—I asked for a scientific answer and I got a scientific answer. That is all I want. I do not want—

Senator Wong—Bozzie, why don't you just say you do not believe it? People would have more respect.

Senator BOSWELL—I am not going to say that, Minister.

Senator Wong—Why don't you just say you do not believe that human activity has got anything to do with climate change?

Senator BOSWELL—No, Minister. I asked a question. I got an answer. I do not want some bureaucratic answer. With due respect to the bureaucrats, they must defend the government.

Senator Wong—They are public servants.

Senator BOSWELL—They are public servants, and good on them—they are a great mob of people. But they have to defend you. That is their role. If I were sitting there, they would be defending me. I asked a scientific question. I got a scientific answer—

Senator Wong—You did not ask a scientific question.

Senator BOSWELL—That is all I want to know.

Senator Wong—Well, you did not, Senator Boswell.

CHAIR—I do not think Senator Wong needs much help in defending her position, Senator Boswell!

Senator Wong—I am known as a shrinking violet! I think he has called me that before.

CHAIR—If there are no further questions, we will break for morning tea and resume at 11 o'clock. There will be a private meeting of the committee now. We will resume with program 1.1: Reducing Australia's greenhouse gas emissions.

Proceedings suspended from 10.44 am to 11.04 am

CHAIR—I will call the committee back to order. I call the officers from the department in relation to outcome 1, program 1.1, Reducing Australia's greenhouse gas emissions, and invite questions. But before I go to those questions, Dr Parkinson, you want to go back to an issue that we dealt with in the previous session?

Dr Parkinson—Thank you. Senator Birmingham, Senator Fisher, Senator Macdonald and Senator Abetz all raised questions about some of the questions on notice and the timing. I have the information on the 10 that are currently outstanding. You will recall that the date that these were due to the committee secretariat was Friday, 30 July. Seven of them were submitted to Minister Wong on either 14 or 15 July, but the election was called on 17 July. As a result, I made a decision to hold back the other three. So seven went to Senator Wong; I held back the other three. They went to Minister Combet on either 23 or 24 September. All of them have been returned to the department. I think the right descriptor would say they have been returned to update the data, because I think every one of them is asking for numbers and most recent data. So that is what is happening at the moment.

CHAIR—Thank you for that.

Senator FISHER—I have questions about the multiparty climate change committee and the department's role in that. What is the department's role?

Dr Parkinson—Just to service the committee and to support the government in the operation of the committee.

Senator FISHER—Can you unpack that a bit more, Dr Parkinson? The terms of reference of the committee talk about a committee of secretaries being chaired by you, I think.

Dr Parkinson—That is correct.

Senator FISHER—The terms of reference referred to that as a Secretaries Group. And it also refers to your department supporting the committee in relation to most policy matters. Can you unpack the department's role in respect of each of those?

Dr Parkinson—The committee has only met once, as you know. That was a meeting that was more focused on how the committee itself might operate, and Senator Milne obviously will have views on that. In terms of what we have done to date, it has been a matter for us to essentially provide logistical support for that first meeting in a range of areas assisting the members of the committee and the four expert advisers in understanding the role of the committee, the confidentiality issues and so on. And the role of the Secretaries Group will be

to ensure that when there are requests for information from the committee or when the committee is considering particular issues that we will be making sure we are bringing all of the perspectives to bear in the production of material that can go into the committee.

Senator FISHER—So take the latter first, if we may: in respect of the Secretaries Group, if there is information requested, that comes from various departments represented by the secretaries who are members of the group. Is that what you are saying?

Dr Parkinson—That is right. So the Department of Climate Change and Energy Efficiency is responsible for servicing the committee, so basically bringing material together, and the Secretaries Group is a vehicle which assists me by ensuring that the perspectives of all of the secretaries on these issues are being aired so that we are able to make sure exactly that what is going to committee has been canvassed by a few views within government.

Senator FISHER—Okay, and will the Secretaries Group have regular meetings?

Dr Parkinson—It will. It has had its first meeting, and we anticipate that it will meet probably in the order of monthly.

Senator FISHER—So have you set out or agreed on a schedule of meetings for the Secretaries Group?

Dr Parkinson—We are in the process of doing that. We have some draft ideas of schedules of meetings but we are trying to make sure how we get everybody to those meetings. So all of that is quite fluid.

Senator FISHER—In terms of membership of the secretaries group, there are a number of secretaries listed in the terms of reference. I presume each of those named are members.

Dr Parkinson—Yes.

Senator FISHER—The terms of reference also refers to ‘with others participating as required’. What are you doing in that respect?

Dr Parkinson—If, for example, the committee wanted us to consider the implications of action that was not being canvassed by people who were at that table, we would co-opt another secretary.

Senator FISHER—At this stage have you co-opted anyone additional?

Dr Parkinson—No; we have not needed to.

Senator FISHER—Are you able to provide the committee with a timetable of meetings, once agreed, for the secretaries group?

Senator Wong—Is this a forward?

Senator FISHER—Projected meetings. They have only met—

Dr Parkinson—We have only met the once.

Senator FISHER—Dr Parkinson said that they are discussing a timetable for meeting and they will meet regularly—probably monthly. Once agreed, are you able to provide the committee with a copy of the timetable for meetings of the secretaries group?

Dr Parkinson—I can give you a broad indication. Obviously, to the extent that we are working to service the multiparty committee, we will not always have control over our own meeting dates.

Senator FISHER—Indeed.

Dr Parkinson—I can do what I can to help you on that.

Senator FISHER—With respect to the department's role in supporting the secretaries group, obviously that requires manpower or grunt from you, Dr Parkinson. Who else in the department will be helping in a support role to deliver that term of reference?

Dr Parkinson—Mr Comley, Ms Wilkinson and the Climate Strategies Division, but we will be drawing on people from all across the department depending on what issues we are looking at.

Senator FISHER—Can you unpack a little more the department's role in supporting the committee in relation to most policy matters? What is your work plan? What do you expect? What have you done thus far?

Dr Parkinson—The work plan is a matter for the members of the multiparty committee and I do not think it would be appropriate for me to say what we are doing in preparation for the multiparty committee?

Senator FISHER—The terms of reference referred to the committee establishing a work program to address the terms of reference. Where is that at?

Dr Parkinson—I would defer that to the members of the committee. I do not think it is appropriate for me to provide answers on that.

Senator FISHER—Is the department in its supportive role providing any advice in respect of the work program?

Dr Parkinson—We would be, yes, through the minister.

Senator FISHER—Who is providing that advice?

Mr Parkinson—I am the secretary, and I would be providing that advice to the committee through the minister.

Senator FISHER—What is the nature of the matters covered by the department in that advice about the works program?

Dr Parkinson—It would go to the issues of what the committee might think appropriate to consider in the context of the introduction of a carbon price. It would go to the sorts of issues that have to be addressed whatever form of carbon pricing you might be considering, international linkages, extent of coverage and so on.

Senator FISHER—So, to your mind, is a works program about the committee working out what they are required to do in the terms of reference? Is that what a works program is about?

Dr Parkinson—What the committee would need to consider before it could reach conclusions that could be—

Senator FISHER—So, in your view, it is more about issues than how-to actions?

Dr Parkinson—I do not think I would draw a distinction between them.

Senator FISHER—All right.

Dr Parkinson—If the question is—

Senator FISHER—You can have issues to be addressed—

CHAIR—Senator Fisher—

Senator FISHER—I am trying to assist Dr Parkinson.

Dr Parkinson—I am not trying to obfuscate; I am just trying to frame it. I think we are drawing the distinction a little too sharply. The sort of things the committee might need to consider in the context of a decision around a carbon price would go to things such as what the sectoral coverage might be, the pros and cons of different types of carbon pricing mechanisms and so on. They are the legitimate things that we as the department would see as our role in supporting the committee.

Senator FISHER—So when the committee comes to consider and decide an order of things and how the multiparty climate change committee should go about its task, will the department be providing any advice or assistance to the committee leading up to and during those deliberations?

Dr Parkinson—In the sense of?

Senator FISHER—How does the committee decide its order of work and what is it going to do the first? It will come up with a works program, which will be a list of issues that, presumably, the committee should look at. How is it going to decide to get its act together and get its act on the road?

Dr Parkinson—My experience is that the members of the committee are all smart people who have very clear ideas about some of things that will need to be addressed. We, obviously, will assist them by giving suggestions about the things that we think they might need to consider and the committee themselves will make a decision about what they want to cover and when.

Senator FISHER—Will you suggest post prodding from the committee or will the department be proactive in its advice to the committee? Will be you be offering up before you are asked or—

Dr Parkinson—We are always proactive.

Senator FISHER—Are you confident, Dr Parkinson, that your department can deliver on this in terms of the track record of implementing various programs?

Dr Parkinson—In terms of the track record that would say that the department was created in December 2007 and by July 2008 it delivered a green paper, by December 2008 it delivered a two-volume white paper, by the middle of 2009 it had produced a comprehensive legislative basis for the CPRS and, through that time, had run a comprehensive consultation process, considered hundreds of submissions and met with more businesspeople than I could count, I think we have the capacity to do that.

Senator FISHER—Good.

Dr Parkinson—If you are making a suggestion that things that have come to department in more recent times undermine our ability to deliver, I think they are two separate streams of work.

Senator FISHER—How many full-time equivalents does the department have at the moment and how many full-time equivalents do you expect to be involved in resourcing the multiparty climate change committee? I am trying to average out.

Senator Wong—Senator, before Dr Parkinson answers, I am sure that we could provide an answer to the first part of your question but, in relation to the second, I have been on both sides of the table at estimates hearings and it would be most unusual for departments to be able to give you a comprehensive analysis of how many people might work directly or indirectly in relation to a particular project.

Senator FISHER—I appreciate that, Minister; however, if Dr Parkinson is confident that the department can deliver then he must have some expectation as to what departmental resources will be required to do what the department has been tasked to do in the terms of reference.

Senator Wong—That was not your question.

Senator FISHER—My question is on the record.

Senator Wong—If you cannot recall it, I think the second part of your question went directly to how many FTEs. I am making the point that that question in these estimates, regardless of which side—

Senator FISHER—I appreciate that, Minister. I understand that. Dr Parkinson, can you please answer the question? If you want to reframe it so that you an answer, I am sure you will do so.

Dr Parkinson—I would reframe it.

Senator FISHER—And how would you reframe it and then answer it?

Dr Parkinson—The way I would reframe it is that the bulk of the work will be done by Ms Wilkinson's division. Correct me if I am wrong, there about 35 staff in your division?

Ms Wilkinson—There are 43.

Senator ABETZ—FTEs?

Dr Parkinson—Yes, they would be full time. The bulk of them will be involved in this to some extent, but not all full time. A bit over half.

Ms Wilkinson—About 30.

Senator FISHER—About 30?

Dr Parkinson—Yes. The rest of Ms Wilkinson's division are doing other things that do not feed in to the work of the committee.

Senator FISHER—How many are in Ms Wilkinson's division?

Mr Comley—At the moment there are 43. We would anticipate that that would increase to accommodate the additional workload. A part of Ms Wilkinson's divisions deal with two other

issues. One set of issues is general whole-of-department and whole-of-government climate change coordination. The second set is principally related to the renewable energy target and reporting policy—policy that supports the National Greenhouse and Energy Reporting system. They are all clustered within the same division, but of those who would work on the issues that you might broadly think of as covered by the committee, there would be currently 15-20 and we would see that increasing over the coming months.

Senator FISHER—So in simple terms?

Mr Comley—To around 30.

Senator FISHER—Okay. Can you give a similar estimate in respect of the requirement for resources in terms of your expectation for others in the department outside Ms Wilkinson's team in supporting the Multi-Party Climate Change Committee.

Dr Parkinson—We will draw on the expertise of other areas at particular points in time depending on what the committee might wish to consider. For example, if the committee wished to consider issues around land then we would draw on Ms Thompson's division for that but for that alone. It is pretty much impossible to be definitive about how many additional resources would be required.

Senator FISHER—I understand that, Dr Parkinson, but if, on the one hand, you are able to say 'We can do this' then, on the other hand, you must have an expectation as to what resources will be required in order to do it.

Dr Parkinson—I might rephrase your question. What I was trying to say was we have a track record of being able to do it and we have the capacity to do it. Which parts of the department will be called on at particular points in time will be a function of what the committee itself wants to do. What I am saying is that the vast bulk of the work will be handled in Ms Wilkinson's division but there may be times, depending on what the committee wishes to consider, where we will go to another part of the department.

Senator FISHER—Whatever is required for the Multi-Party Climate Change Committee, you will deliver. Is that the bottom line?

Dr Parkinson—You might say that has been the ethos of the department since it was created.

Senator FISHER—Oh, good. Does that mean the Multi-Party Climate Change Committee and the department's role in supporting it is your priority No. 1?

Dr Parkinson—No, not at all.

Senator FISHER—Where does it rank?

Dr Parkinson—I would say that there are a series of tasks that I regard as all equally high priority. Clearly, assisting the work of the multiparty committee is one of those. Addressing the Green Loans and Home Insulation program issues are equally as important. We are in the midst, as you know—better than most—of a major response strategy there and that work will continue. But that is done in a completely different part of the department.

Senator FISHER—None the less, it is all done by the department. Has there been any amendment to the terms of reference—in view of the Prime Minister's brain fade—on the

citizens assembly or to the decision that the citizens assembly is no longer happening because it is still referred to in the terms of reference? Have the terms of reference been amended?

Dr Parkinson—The terms of reference have not been amended. The committee, at its first meeting, considered whether the citizens assembly would proceed and concluded, as was made clear in the post meeting statements, that it thought there were other ways to achieve the outcomes that the citizens assembly was proposed to achieve. While that is in the terms of reference, that matter has been dealt with.

Senator FISHER—Was it the multiparty committee that made the decision that the citizens assembly would not proceed?

Dr Parkinson—The multiparty committee considered the merits of that, but ultimately it was the Prime Minister's election commitment so it was the Prime Minister's decision not to proceed.

Senator FISHER—So did the committee recommend to the Prime Minister that the citizens assembly not proceed?

Dr Parkinson—I think that would be a reasonable supposition, but, as I said, I am not going to go into the details of what the committee may or may not have discussed and said.

Senator ABETZ—How transparent was this system?

Dr Parkinson—Transparency is—

Senator ABETZ—In the eye of the beholder.

Dr Parkinson—Yes, Senator.

Senator ABETZ—So those things that you want us to know will be revealed. Those things you do not want us to know that might embarrass the government we will not be told.

Senator Wong—I do not accept your assertion.

Senator ABETZ—It is a very clear assertion.

Senator Wong—That is your assertion, your opinion. That is not what the government is saying, nor what the secretary of the department was saying.

Senator ABETZ—Minister can I ask you, then: will the full details of the committee's consideration be provided to us?

Senator Wong—As I understand it—and I am sure someone will correct me if I am wrong—the committee has indicated that it will provide regular updates of its work. For example, the committee announced that it would issue regular communiques after meetings. Obviously it is a decision of the committee as to what materials it makes public. I understand also that there is to be a dedicated website to provide publicly available information in relation to these discussions.

Senator ABETZ—So the committee is going to tell us what it wants to reveal to us, the unwashed masses.

Senator Wong—I would never describe you as unwashed, Senator.

Senator ABETZ—That is very kind of you. Thank you. My personal hygiene is up to scratch. That is good to hear. But, Minister, we will not be told everything, then, of the committee's deliberations?

Senator Wong—I have outlined the position as I understand it. If others have anything to add to that they can.

Dr Parkinson—No, nothing to add.

Senator BIRMINGHAM—What is the status of the committee? It is being referred to in some instances as a cabinet subcommittee. Is that government's view?

Dr Parkinson—It is a committee which will provide a report to the cabinet. It is not a committee of cabinet; it is a committee that will report to cabinet.

Senator BIRMINGHAM—With regard to the account the government expects—

CHAIR—Senator Birmingham, before you go on, Senator Fisher has the call. Have we finished with Senator Fisher's questions? Are we moving on?

Senator BIRMINGHAM—I doubt we have. I only have one or two on this particular line.

CHAIR—If you sought the call on that particular line that would be good, instead of just jumping in.

Senator BIRMINGHAM—Okay. I will finish that question, with your indulgence and Senator Fisher's. Thanks, Chair. With regard to how the government intends to treat the probably inevitable FOI requests in the future, can we expect material presented to this committee to be claimed as cabinet-in-confidence or does the nature of this committee, as a committee that reports to cabinet rather than being a committee of the cabinet, mean that it does not enjoy such a privilege?

Dr Parkinson—I think it will depend on the documents that are being considered by the committee at a point in time as to whether or not they would be within the scope of an FOI request. I am not trying to deflect you from this, but the Department of the Prime Minister and Cabinet might be better placed to discuss this issue with you. They run the cabinet secretariat and this is a committee reporting to cabinet. They might be in a better position to talk it through with you if you want to go into detail. We can talk at a general level, but they could provide more detail. They are also responsible for FOI policy.

Senator ABETZ—But hasn't this already been sorted and the committee told as to whether or not their deliberations will be considered in the manner that Senator Birmingham has just referred to?

Senator Wong—Senator Abetz, I interrupted Dr Parkinson, who no doubt will say something far more on point than I, but Senator Birmingham asked Dr Parkinson to essentially give an indication of how a subsequent FOI application would be dealt with, and Dr Parkinson answered accordingly. That would not be sorted, Senator; you know that. You would not determine a prospective FOI application ahead of time.

Dr Parkinson—Senator, what I was responding to, and maybe I misinterpreted you, was that I thought you were in a sense asking, 'Does the committee have effectively a blanket exemption in the way a cabinet committee might?' and the answer is no. The nature of the

committee is such that particular documents that go to it, depending on what form those documents might take, could be outside of the scope of FOI, but there is nothing about the existence of the committee per se that necessarily automatically excludes things that the committee considers.

Senator BIRMINGHAM—Thank you for your answer. In regard to the procedures of operation for the committee, are there any procedures between the committee and its reporting to cabinet that see agendas of the committee or documents referred to the committee, automatically or as part of the processes, presented to cabinet for the information of cabinet as well?

Dr Parkinson—Can I answer it in a hypothetical rather than a practical?

Senator Wong—Dr Parkinson is attempting to be helpful. I would point out that you are in fact asking the other side of the question, being: what is before cabinet? We will not be answering that. But Dr Parkinson, in an effort to be of assistance, will answer perhaps in a hypothetical way, which might be of assistance.

Dr Parkinson—In a hypothetical way, were a document to have been before the cabinet then that would not be released. On the other hand, the committee, through the chair, could commission a document from the department that was not in the nature of a cabinet document and could then release that onto its website after its discussions. Everything will basically be on a document-by-document basis.

Senator BIRMINGHAM—So there are no procedures or policies in place at present that see the workings of the committee, its agenda papers, its papers that it considers, automatically referred as a policy to cabinet or a cabinet subcommittee? I am not asking about what is given to cabinet specifically, but whether there are policies or parameters in place that would automatically refer things off.

Dr Parkinson—So if I put words in your mouth, just to be clear what I am answering, you are asking me: ‘Is it automatic that any document that goes to the committee, either before or after, will be taken through cabinet?’ The answer to that is no.

Senator BIRMINGHAM—Thank you, and thank you for the indulgence, Chair and Senator Fisher.

Senator FISHER—Dr Parkinson, do you expect that the department in its support policy role will be providing modelling to the committee?

Dr Parkinson—The modelling that is done is typically done by the Treasury with input from us. I would imagine that at various times the committee may have an interest in particular modelling outcomes.

Senator FISHER—Is there any modelling under way?

Dr Parkinson—There is work under way at the moment to update the modelling parameters in the event that we were then tasked with doing specific modelling. In other words, what we are doing is we are updating everything, making sure everything is ready to go, in the light of potentially specific requests. What those requests may be has not yet been determined.

Senator FISHER—Okay. So you are standing ready for any modelling requests. What about requests for briefings on issues from members of the committee? Have there been any requests of the department for briefings of members of the committee?

Dr Parkinson—Not outside of issues that will be discussed in committee meetings. In other words, if you are asking, ‘Has individual X, who is a member of the committee, been giving a briefing by the department outside of the committee meeting itself?’ the answer is no.

Senator FISHER—Okay. Can you explain the role in providing briefings to the committee during their meetings?

Dr Parkinson—On policy issues where we have competence, one could imagine, for example, me, or Ms Wilkinson or Mr Comely giving a presentation to—

Senator FISHER—But I gather from you that you did not enjoy that role in the first meeting?

Dr Parkinson—The first meeting was predominantly a process meeting about how the committee would—

Senator FISHER—All right—thank you. At this stage I have got a final set of questions. Will the department provide the committee with a support role in respect of the issues specifically listed for action by the committee in term of reference number 6? For example, inviting Professor Garnaut to consider the findings of an expert body which will be tasked with calculating the carbon price?

Dr Parkinson—Absolutely—we would provide assistance.

Senator FISHER—Would you arrange each of the logistics of those (a) to (f)s, less the citizen’s assembly, for the committee? Your department would do all of that, would it?

Dr Parkinson—We would assist.

Senator FISHER—Assisting—

Dr Parkinson—Just to take as an example; you mentioned Professor Garnaut. At the moment we are in the process of re-engaging Professor Garnaut to do an update of his review and will provide him with support as he does that.

Senator FISHER—Does the multiparty climate change committee have its own secretariat, or are you it?

Dr Parkinson—No, we are the secretariat.

Senator FISHER—To the extent that there is logistical support to the committee to deliver, for example, terms of reference (a) to (f) less (e)—because the citizens’ assembly is not happening any more—the department is responsible for that?

Dr Parkinson—Through the minister—that is correct.

Senator FISHER—When you say that you will assist, who is the other party doing the lifting? In theory it is the minister and the minister’s office, is it?

Dr Parkinson—It will depend. I am just trying to say that we do not know yet, so I am leaving it open.

Senator FISHER—I understand.

Dr Parkinson—I am not hypothesising about something that I do not know will eventuate.

Senator FISHER—Okay. Can you provide on notice information about the budget that has been assigned to the committee and how much it will cost?

Dr Parkinson—If we have developed a budget I hope that is the maximum amount it will cost.

Senator FISHER—We hope that it is one and the same.

Dr Parkinson—Yes, but we will provide information on that on notice.

Senator FISHER—Are you aware whether the committee or the government plans any information or promotional campaigns? You have told Senator Birmingham that certain information will be made public through the website. Are there any plans for advertisements or promotions?

Dr Parkinson—On behalf of the committee?

Senator FISHER—Yes.

Dr Parkinson—Under the auspices of the committee I am sure there will be a series of public discussions. Indeed, in the government's agreement with Mr Windsor, there is a specific commitment to a public forum on this issue. The committee will undoubtedly consider that in more detail.

Senator FISHER—At what stage will the public be informed about any public meetings that are to be held?

Dr Parkinson—That is a matter for the committee and when it decides when it wants to hold those meetings and in what form.

Senator FISHER—Back to advertising and communications: will the multiparty climate change committee will have an advertising budget and a promotional budget?

Dr Parkinson—I would not expect so. I would not expect an advertising budget for it. To the extent that it wishes to hold public fora under its auspices then obviously there will be budgetary costs associated with that.

Senator FISHER—All right.

Dr Parkinson—But I could not imagine that the multiparty committee would be running, for example, a series of television advertisements.

Senator FISHER—Do you know why Mr Dreyfus and Mr Bandt were added to the committee?

Dr Parkinson—They are not actually members of the committee; they are there to assist. So Parliamentary Secretary Dreyfus is there to assist Minister Combet in the operation of the committee and, as I understand it, Mr Bandt is there to assist Senators Brown and Milne.

Senator FISHER—So are there any others there to assist in a similar capacity?

Dr Parkinson—No, there are the four independent expert members and there are the members of the committee, and then there are departmental officials and support from Prime Minister and Cabinet.

Senator FISHER—The committee is tasked in its terms of reference with reaching decisions by consensus, so I guess the presence of individual members or otherwise at meetings is not necessarily determinative of the outcome of the meetings of the committee. Is that right?

Dr Parkinson—No, I would not expect so.

Senator FISHER—Was the department consulted about the concept of a citizens assembly by the government?

Dr Parkinson—This was announced during the election campaign by the Prime Minister. It was announced while I was on leave and I am not aware that the department was consulted.

Senator FISHER—So that means no?

Senator ABETZ—It was all their own idea.

Dr Parkinson—It was in the midst of an election campaign. As you would know, there are very specific things about what departments will and will not do during the caretaker period.

Senator FISHER—Was that in any way unusual, did you think?

Dr Parkinson—No, not at all.

Senator FISHER—Did you subsequently provide any advice about what a citizens assembly might cost or achieve? Were you asked to provide that advice and did you?

Dr Parkinson—We always provide advice in our incoming government briefs but it is not an issue that I would intend to go into.

Senator FISHER—So it is in the little red book?

Dr Parkinson—‘Little red book’ has a particular meaning; it is in the large red book.

Senator FISHER—So it is not in the little red book—

Senator Wong—Mine was actually a white folder, to let you know.

Senator FISHER—Mine is very pink, as you can see.

Senator Wong—Yours is redder than mine, Senator; what does that say?

Senator ABETZ—Can I ask whether the department had any input into the government’s announcement about the cash for clunkers policy?

Dr Parkinson—I am sorry, Senator?

Mr ABBOTT—The cash for clunkers—the scheme to scrap old cars.

Dr Parkinson—It is not now a matter for this department; it is a matter for Senator Carr’s department.

Senator ABETZ—I know that; I know it is an industry issue. But I am asking whether your department had any input.

Dr Parkinson—It was announced during the election campaign. As I just said a moment ago, it would be unusual for departments to be consulted on those sorts of issues.

Senator ABETZ—Yes, but it might not have been unusual in the event that the department had previously been consulted prior to the election about this issue.

Dr Parkinson—This goes to issues about what advice we may have provided to government.

Senator ABETZ—No, all I am asking is: were you consulted? I am not asking what advice you offered; all I am asking is: were you asked to give any advice? I am not trampling on the area of what advice may have been given.

Dr Parkinson—Not that I am aware, but it goes back to what I said before. It would be unusual for the department to be consulted during an election campaign. I have just said that I am not aware of us being consulted before the announcement of the election.

Senator ABETZ—So you were not? Regarding the alleged environmental benefits of this policy in relation to climate change, you offered no advice to the government one way or the other?

Dr Parkinson—Before the event?

Senator ABETZ—Yes.

Dr Parkinson—Not that I am aware of.

Senator ABETZ—Alright—not that you are aware of. Could you be so kind as to take it on notice, in the event that there was any?

Dr Parkinson—Yes.

Senator ABETZ—I suspect there was not and that is why we have this policy. Once again, it was all their own work—a bit like the citizens assembly.

Senator CAMERON—Senator Abetz, is this a speech or a question?

Senator ABETZ—No—I just want to break it down absolutely that the department did not have anything to do with yet another diabolical policy that was announced during the election. Thank you for that. Perhaps you could take that on notice, just in case there was anything.

Dr Parkinson—I am happy to do that. The only reason I am not being completely definitive is that, as I said, I was actually on leave through the last couple of weeks before the election was called and into the election.

Senator ABETZ—Very wise. Thank you for that. That is it.

Senator BIRMINGHAM—Dr Parkinson, I refer to question on notice No. 64. It listed a number of programs to be funded out of the Renewable Energy Future Fund, including the citizens assembly and the climate change commission. The citizens assembly is listed at a \$2.7 million cost and the climate change commission at a \$6 million cost. Firstly, are those costings drawn from Labor Party policies or from elsewhere?

Dr Parkinson—Those costings were done by the department of finance as part of the usual election costings, as I understand it.

Senator Wong—We can talk about that, if you would like, Senator.

Senator BIRMINGHAM—Thank you, Minister.

Senator Wong—It was \$10.6 million, but I am sure that you do not want to do that.

Senator BIRMINGHAM—When Dr Parkinson says that they were costings done by the department of finance, are we talking about costings of the Labor Party promises presented by the Labor Party to the department of finance or were these promises actually costed by the department of finance? There is of course a difference.

Dr Parkinson—It is a difference that is too subtle for me to have followed, Senator.

Senator BIRMINGHAM—The difference is that you submit your costings to Finance for analysis; you do not submit the policy to finance to come up with the costings. That is the way I thought the process worked.

Senator Wong—I am very happy to have this discussion. I think I appear tomorrow afternoon in Finance estimates. I am a little unclear as to the distinction you are seeking to make, I would have to say.

Senator BIRMINGHAM—Where did the \$2.7 million cost for their citizens assembly come from?

Senator Wong—It is a costing of the election promise under the Charter of Budget Honesty. It is amongst the policies given to Finance to cost.

Senator BIRMINGHAM—So it was the election policy costing that the Labor Party submitted to Finance that matches, presumably, what finance ticked off on? That is all. I am just checking that it is not a policy costed by Finance subsequent to the election in some way, shape or form or by the department, as to where this \$2.7 million figure comes from.

Dr Parkinson—Definitely not.

Senator BIRMINGHAM—With the citizens assembly having bitten the dust, in terms of the costs associated with the climate change committee, from where will those costs be met? Are they being met from the Renewable Energy Future Fund?

Dr Parkinson—No. These are matters for the government in the context of additional estimates decisions. The government will decide how these things will be funded.

Senator BIRMINGHAM—At present you are making the decisions, though, in terms of, obviously, you having allocated staff to the process.

Dr Parkinson—That is correct.

Senator BIRMINGHAM—That, I assume, comes out of your existing administrative funding, but you are re-engaging Professor Garnaut as part of the process. What other expense outlays is the department currently making in relation to this climate change committee and, indeed, several others we might touch on in a moment?

Dr Parkinson—We are incurring the expenses of supporting the multiparty committee and we are incurring the expenses of establishing a secretariat to support Professor Garnaut. We are incurring the whole range of costs around those two things. The costings were done in the context of the election, under the Charter of Budget Honesty. Ultimately it is a matter for the

government to decide on whether we get additional funding for those or whether we are required to absorb the costs. They are matters for the government. We have been tasked with doing the work. We are hopeful of supplementation, but that ultimately will be a decision heavily influenced by the very fine minister who is sitting to my left.

Senator Wong—Do not think flattery will get you anywhere.

Senator BIRMINGHAM—My, how you have adapted to your former minister's new role, Dr Parkinson! Are the costs you are meeting at present coming out of normal departmental expenses rather than administered expenses or programs, though?

Dr Parkinson—Absolutely.

Senator BIRMINGHAM—There have been announcements of new or additional climate change committees or roundtables today. Are these also to be given secretariat support by the department?

Dr Parkinson—They are.

Senator BIRMINGHAM—Will this be the same secretariat support structure, or will separate structures be created for these two roundtables?

Dr Parkinson—No, it will all be done through the same broad group of people.

Senator BIRMINGHAM—What expenses of these roundtable members are expected to be incurred? Are they all voluntary members of the roundtable who meet their own travel expenses and meeting expenses and the like?

Dr Parkinson—That is my understanding. My understanding is that we will be providing meeting facilities and support for each meeting, but that the members of the two roundtables will meet their own costs of participating.

Senator BIRMINGHAM—It is expected that the roundtables will, at some point, meet with the cross-party committee?

Dr Parkinson—My understanding is that these roundtables exist to advise the government, not the multiparty committee.

Senator BIRMINGHAM—So they will not be providing input to the multiparty committee process unless the government requests them to do so?

Dr Parkinson—That is how I imagine it would operate.

Senator BIRMINGHAM—Is there any expectation of a relationship between these two roundtables and the multiparty committee?

Senator Wong—I will let Dr Parkinson answer the process question, but I just want to deal with what I think was an implication. I think the minister and the Deputy Prime Minister have announced the membership of the roundtables. Obviously, regardless of the fact that they report to the government, people are free to approach members of parliament and senators about policy issues—as they have and as they do not only in this area particularly, but in many areas.

Dr Parkinson—Just to be clear, Senator: we will provide support to these roundtables by supporting the ministers in the same way we would normally. In that sense the Treasury will

assist in supporting the Deputy Prime Minister and we will support the other ministers and together we will provide whatever is appropriate. In response to the question—and this goes to the minister's response—we do not imagine that these roundtables will reach any definitive position that would then be transmitted. They are a group of people with whom the ministers will hold discussions and from whom the ministers will seek views. It will then be a matter for the government how it wishes, if it all, to transmit those views to the multiparty committee. But as the minister said: any one of those members of those committees will be quite free to go and speak with any other member of parliament as they deem fit.

Senator BIRMINGHAM—How frequently are the roundtables expected to meet?

Dr Parkinson—I do not think that has been settled yet. My expectation is that they will meet at least once before Christmas, but it may only be once. The expectation is that they would meet on a fairly regular basis, probably in the region of monthly, I think..

Senator BIRMINGHAM—Thank you. Are there terms of reference for the roundtables?

Dr Parkinson—There are and they have been made public.

Senator Wong—I think they have been released.

Senator BIRMINGHAM—They have in the press releases and details of the membership.

Senator Wong—Try the end of the press releases.

Dr Parkinson—The last page.

Senator Wong—This may be a draft.

Senator BIRMINGHAM—Yes, okay. There are a few dot points.

Senator Wong—Can we check that, Senator? We will check that.

Senator BIRMINGHAM—Thank you.

Senator MILNE—I would first like to go to the Auditor-General's report No. 27, where he talked about the nature of the national communications in relation to the level of public reporting among Australian government delivery agencies on the impact of individual programs in relation to reducing greenhouse gas emissions. In that report he makes the point that in Australia's national communication reports there are the abatement estimates for individual measures et cetera, but he points out that these are fairly meaningless from the point of view of parliamentary scrutiny because of the way that they are presented. He says in his final concluding paragraph at 4.56:

For greater transparency abatement figures for individual measures and in aggregate could be reported more regularly by the DCCEE in a domestic publication.

I want to know what the department's response has been to the Auditor-General's report, so that we can get a much better appreciation of exactly what level of abatement is expected or has delivered for the individual programs that the government has been overseeing.

Dr Parkinson—I thought we had actually made a public response to that. My view is that that was a recommendation that we would be happy to try and implement.

Senator MILNE—That is right. That is what you have said here, that plans to continue the publication of that reporting format were under consideration. Can you now tell us what the individual levels of abatements for the individual programs are?

Dr Parkinson—We have not yet resolved how we are going to do that. It may be that it is best in our updated projections document, but we are actually having a look at how we deliver on that.

Senator MILNE—Looking at how we deliver on it, what can you tell us now about the level of abatement that has been achieved from specific government programs?

Dr Parkinson—We would have to go back and look at the specific programs themselves and calculate the abatement estimates, and that is why the question is whether or not it makes better sense to release that material as part of our updated projections process.

Senator MILNE—In the event that that is how you decide to do it, when would that occur?

Mr Comley—The projections would be towards the end of the year.

Dr Parkinson—We are currently in the process of working on the projections document at the moment. I think we are aiming for end of year.

Senator MILNE—For when? The end of the year?

Dr Parkinson—The end of this year. That is the hope. We have started in a number of these areas.

Senator MILNE—The issue I have with this is that at the beginning of every program that the government announces we are told that they will reduce greenhouse gas emissions, but we do not have a sense of whether that is actually achieved. There are no performance criteria or anything like that. I saw in your latest report that you estimate all current policies and measures are reducing greenhouse gas emissions by approximately 85 megatonnes of CO₂e per annum. That is your estimate.

Can you give me an idea of whether that is in addition to or whether that includes the eight megatons of CO₂e that you estimate has occurred by virtue of reduced economic activity because of the global financial crisis et cetera and not specifically in relation to specific government policies and measures?

Dr Parkinson—No, they are quite separate issues. Those numbers are specifically related to the program not to the current state of economic activity.

Senator MILNE—Okay, so that is a separate issue. In regard to these 85 megatons of CO₂e per annum, can you give us a sense of how you would break that 85 down? You are telling me that you will report on that later in the year, but you must be able to give me a sense of where these 85 megatons per annum are being saved, if you like, or abated.

Mr Comley—I do not have the precise information in front of me. I suspect a large part of it is changed land use from regulations, in particular in Queensland and New South Wales. A significant amount of abatement has come off since the 1990 baseline. I also would expect that building codes and standards have been a substantial part of that mix. I think that they are probably the two largest elements of that reduction.

Dr Parkinson—In the Task Group on Energy Efficiency we may have given an estimate of how much energy efficiency programs are also contributing to that, but I will have to check that.

Senator MILNE—Just while you are checking that, in terms of the aggregate of government spending on government programs, if at least half of it is coming from land use, what is your estimated dollar cost for this level of abatement to date?

Mr Comley—I do not think we have an estimated dollar cost because one of the things required to do that would be an estimated cost of the regulations. This is the issue about the difference between what is a non-budgetary cost and what is a cost to the economy. To do a comprehensive estimate you have to include both the on-budget cost and the regulatory cost. I am not aware of that estimate.

Senator MILNE—From our point of view, we are trying to establish exactly how much abatement has been achieved from the dollars that have been spent. We are trying to determine the efficiency of what has been spent. The point the Auditor-General makes and that I am making is that it is impossible to make that judgment.

Mr Comley—We accept the Auditor-General's recommendation that that sort of information is valuable information for everyone to have. What we are also saying is that some measures you can measure by budgetary cost and others would need a broader measure of cost to get an accurate appraisal of the relative efficiency of particular programs or regulations.

Senator MILNE—The Auditor-General's report was presented on 20 April this year and in that report it does have, as I acknowledge, the department saying it will consider that. We have now heard that by the end of the year is possibly the earliest opportunity we will get to assess exactly what government programs have achieved, but at least by then, hopefully, we will get that. If I could move on to something else while Dr Parkinson is looking for that, if that is what he is looking for?

Dr Parkinson—I am looking for it, but I cannot actually see it.

Senator MILNE—Okay, if I could move on to another matter while that is happening. We heard earlier that there is at least \$1.5 billion for the reduction in Australia's greenhouse gas emissions as a result of carbon capture and storage. Can you tell me exactly what the budget allocation for this is?

Senator Wong—Those programs reside in the Department of Resources, Energy and Tourism. You will have to direct the questions to that department.

Senator MILNE—I can direct them in terms of the money spent, but I will ask you this: what is your expectation of the abatement in greenhouse gas emissions from carbon capture and storage? What is the Department of Climate Change and Energy Efficiency's performance criteria for this program? At what point will you determine success or failure in terms of emissions abatement and time frames?

Mr Comley—Senator, I think the issue is in the nature of carbon capture and storage technology. Because it is not an existing deployable technology, the way in which you assess that program is not just a straight dollars-per-tonne matter, because prospectively what you

are doing is creating a technology that benefits over a very long period of time. That is the intention. In that respect, there are two aspects that we have to look at in a full assessment of it. One is abatement that could be achieved in Australia. Second would be contributions to abatement off Australia's shores. And the third would be any flow-on economic implications for Australia associated with carbon capture and storage technology being available. The third in this case is probably quite significant if it allows continued fossil fuels to be exported by Australia in a way that does not have the same impact on the atmosphere. Any analysis of that requires those three dimensions.

When you look across government at the analysis, research and development policy, it is a very difficult thing to get a quantitative estimate on because of those different dimensions particularly in the case of first-user technologies. So if we were doing an analysis we would have to take into account those three components. We have not done that analysis because in *Australia's low pollution future*, the Treasury modelling report, the anticipation of carbon capture and storage was a very significant contributor to reducing greenhouse gases out to 2050.

Senator MILNE—Would you concede though that, if it is not proven, then the level of effort in the rest of the economy gets significantly greater if you take that out? There is a high risk here of failure, is there not?

Mr Comley—I think that in any research and development endeavour there is a risk that a technology does not come to fruition or it is not as cost-effective as people hoped it would be. That is always a situation you are in when you are in research and development.

Senator MILNE—Yes, but this is a case of having very many eggs in the one basket and a huge amount of money is going into this compared with other things. At some point you have to say that we move on. Other countries have done that with carbon capture and storage and have significantly scaled back their investment because they do not see it in the time frame that is needed to get greenhouse gases down. I just want to know at what point is Australia going to take a serious look at what our level of effort is going to be to meet a reasonable burden share given the carbon budget for this century and our percentage of that. At what point are we going to say that the effort needs to go somewhere else?

Mr Comley—That is a matter for DRET when the government decides to change that investment. The point I would make is that if the CCS money were in the order of \$1.5 billion—and we will get the precise figure from the Department of Resources, Energy and Tourism—it needs to be put in the context of the other initiatives that the government has, such as the Clean Energy Initiative, in total \$5.1 billion. There is also the Renewable Energy Target which is expected to drive \$16 billion of investment. In the event of a carbon price that would also stimulate technology across the board. So \$1.5 billion is a lot of money but in the broader context what the government has in place in policy is a suite of interventions across the renewable and CCS. In many respects you could think about this as a diversification strategy that is looking to invest in CCS, renewables and other ways of reducing emissions.

Senator MILNE—Have you got time lines? Is there a point at which you will review the investment?

Mr Comley—That precise question you would have to ask the Department of Resources, Energy and Tourism.

Senator MILNE—That brings me to my next question about the role of the Department of Climate Change in coordinating a whole-of-government approach to the response to climate change. How can the Department of Climate Change make these projections about abatement if the department of resources acts like a silo or if transport is a silo? How can you make these projections?

Mr Comley—Effectively, I would not accept the proposition that they act as silos. There is quite a lot of communication and consultation across the government. The secretaries committee that was previously talked about is one example of that. There are regular intergovernmental arrangements through IDCs and meetings. The projections are road-tested through all the departments so there is quite a lot of coordination within government.

Dr Parkinson—Just to add to that, the programs which we are estimating abatement on are themselves defined, so we can actually estimate abatement for a specific program. It is almost as if there is no abatement estimate that is sitting there associated with the CCS program because that depends on being able to show that CCS is technologically and economically viable. We know that elements of it work well and that it has been tried in a range of other countries. But, in a way, it goes back to the question that Senator Boswell was asking this morning. We know that the technology to generate electricity from coal is very cheap, very simple and very robust. We know that there are a whole lot of countries in the world that have commercially exploitable coal deposits. A further thing we know is that countries are concerned about energy security. So they are going to use that. The issue then is: if they are going to use that, we have to find out whether or not carbon capture and storage is a viable option. If it is not a viable option, you are exactly right: the world has to find a different way to deal with the issue. But if it is a viable option then it actually feeds into the national interests of those countries and makes it easier for us to build support for global action.

Senator MILNE—I have questions in relation to government coordination and the secretaries group and so on. In the transport sector, on the issue of mandatory vehicle fuel efficiency standards, has the Department of Climate Change and Energy Efficiency had input into what level of increased abatement could be achieved with mandatory vehicle fuel efficiency standards and the various scenarios about the levels of those standards? Has the department had input into that?

Mr Comley—We have had discussions with the department of transport, yes.

Dr Parkinson—And, Senator, that is picked up in the report of the Prime Minister's Task Group on Energy Efficiency.

Senator MILNE—So in relation to mandatory vehicle fuel efficiency standards, what are the variables? Did you look at a range of scenarios for those standards and the level of abatement that could be achieved with those various standards? What did you recommend?

Mr Comley—We did do analysis on different standards, but I do not think that it is appropriate to say what we recommended to government as the appropriate standard.

Senator MILNE—Which standard achieves the highest level of abatement?

Mr Comley—I am not sure I can really answer that question. I do not want to put words in your mouth, but when you ask that question it is subject to some method that would easily be implemented. In practice, the decision on vehicle fuel standards is a combination of the environmental outcome, transition costs in particular and economic and social consequences. So I think you cannot talk about which is the one that is most environmentally sensitive without the broader context of what things you are constraining the choice of standard to. That goes to the advice that we will provide to government or within government on the desirable level of standard.

Dr Parkinson—Page 127 of the task group report has a figure that illustrates the performance of Australia vis-a-vis fuel standards in other countries. It clearly shows that Australian new cars are amongst the least efficient. The question of how much abatement would be associated with adopting different standards is not something we can answer here and now. But the message that improving vehicle fuel efficiency is a key part of improving emissions in the transport sector is exactly correct. One of the striking things is that our long-distance trucking is amongst the most efficient in the world but our light vehicle fuel efficiency is one of the poorer amongst developed economies.

Senator MILNE—On the issue of levels of abatement and assessment: Infrastructure Australia, as part of its terms of reference, has to take into account the climate ramifications of various infrastructure decisions that are taken. Can you indicate to me how you have input into that? Does Infrastructure Australia come to you to ask you to calculate that? What input do you have into those decisions, particularly just on the issue of likely greenhouse gas emission consequences of infrastructure decisions?

Mr Comley—That would be the process we follow. They would discuss with us abatement estimates because we are the department responsible for abatement estimates across the whole of the Commonwealth. In practice we have a range of coordination processes to scope out where policies may have an impact on greenhouse gases and then we would feed it into a discussion with them about how we estimate any abatement consequences of infrastructure.

Senator MILNE—Has Infrastructure Australia come to you?

Mr Comley—I believe it had discussions, but I would have to take on notice to confirm that.

Senator MILNE—Can you take on notice how many times they have come to you and about which projects.

Mr Comley—I will take that on notice.

Dr Parkinson—Can I just come back to the question about the 85 million tonnes. Page 23 of the report indicates that the current Australian government energy efficiency measures are expected to deliver more than 38 million tonnes of abatement in 2020. That is looking at both where we are now and projecting them forward.

Senator MILNE—The point I am making, though, is that it is impossible. We can know how much we have spent on some of these programs like green loans, like home insulation or whatever, but we cannot know what you said the abatement level would be and what you actually achieved.

Dr Parkinson—That is correct.

Senator MILNE—That is what I am asking and that is what I want to know. At the moment what you may achieve by 2020 does not give us what we need to know about value for money.

Dr Parkinson—Yes.

CHAIR—We will have a follow-up question and then we will go to Senator Boswell.

Senator ABETZ—In relation to the Home Insulation Program, has the department done any assessment on whether, at the end of the day, this was a completely negative scheme given the 200 fires, the amount of CO₂ that went into the atmosphere, the fossil fuels of the trucks and vans that had to go to all of these houses, the checking, the ripping out of insulation, the putting in of new insulation or the insulation that will be going to landfill. I would have thought that, potentially, this may be a program that has a negative outcome. I would be interested if all those factors were taken into account as well.

Dr Parkinson—Can we discuss those under output 1.2?

Senator ABETZ—Take it on notice, unless you are telling me that you have some answers to that.

Dr Parkinson—No, I think we will have to take it on notice. We can have a general discussion, but—

Senator BOSWELL—My question is to Dr Parkinson. A few minutes ago you gave a description of coal as being cheap, robust, easy, lots of it about and that the process works. And then you said—without trying to put words in your mouth—‘We’ve got to develop carbon capture, and if we cannot do that the world will have to find another way. I think that was your set of words. My question is: if the world does not want to find another way, where does that leave us?’

Dr Parkinson—I think if the world does not want to find another way it basically leaves us facing a situation, as Professor Steffen said this morning, where temperature increases could be between 1½ and 6½ degrees higher than what they are now. We know the impact of that on Australia will be very significant in terms of water supply, the environment, agricultural productivity in the Murray-Darling Basin and so on. It is a very legitimate question to ask and it is part of the reason it is so important that we find ways to tackle this problem.

Senator BOSWELL—Following from that, the modelling that was done for the last ETS was done on the assumption that every country in the world would come into a predetermined target—

Dr Parkinson—No, that is not correct. We have had this discussion before and—

Senator Wong—Senator Boswell, I know that is your view.

Senator BOSWELL—Copenhagen was such a roaring success!

Senator Wong—Senator Boswell, can we at least fight about one thing at a time? You have a set of views about the assumptions for the modelling which was released. We do not agree with those.

Senator BOSWELL—You don't agree that the ETS was not modelled with all countries coming in?

Senator Wong—I can ask Dr Parkinson to assist you there, although this is actually Treasury's modelling. The assumptions for Low Pollution Future had a range of scenarios about action around the world. At different times, different abatement outcomes occurred for different nations. Dr Parkinson might want to add to that.

Dr Parkinson—That is correct.

Senator BOSWELL—Dr Parkinson, you point at a picture of temperature rises and so forth. When we first debated this issue, Senator Wong told me I had to do this because of drought—drought was affecting Australia—and if I did not do this the farmers were going to be droughted out. The debate has now shifted off global warming; it is now climate change. The debate seems to be moving rapidly.

I never get into the science—because I find it difficult to understand it, and you can have various degrees—but one thing that is indisputable, one thing that cannot be denied, is that if you do this without the rest of the world going ahead, any sacrifice we make, any business that we put out, any on-costs we put on the mining industry or business, is going to be absolutely useless. This is the point that many, many people in Australia cannot understand. Yes, there may be climate change. That is a matter of dispute—it is a matter of science—but one thing that is indisputable is that it cannot be denied that for Australia to go ahead alone is going to achieve absolutely nothing. I put that to you and ask you to respond to it.

Dr Parkinson—Can I split that into two questions. One, you said that it is unclear whether climate change is occurring. It is indisputable that climate change is occurring.

Senator BOSWELL—There are a lot of people that would disagree with you.

Dr Parkinson—Senator, let me finish. It is indisputable that climate change is occurring. What the debate is about is where it will go and what the localised impacts will be—how far will this play out.

The second thing is the presumption that no-one else is acting. This is a peculiarly Australian perspective on what is happening in the rest of the world. You only have to go and look at what is happening elsewhere to know that it is absolute nonsense to say 'nobody else is acting'.

Senator BOSWELL—They are not tying themselves to targets.

Dr Parkinson—Some of them are.

Senator BOSWELL—Is China tying itself to a target?

Dr Parkinson—It is tying itself to an energy intensity target.

Senator BOSWELL—It is not a target.

Dr Parkinson—It is a target. It is a different type of target.

Senator BOSWELL—Is India tying itself to a target?

Dr Parkinson—India is tying itself to a 20 to 25 per cent improvement in energy intensity.

Senator BOSWELL—But it is not the target that we are tying ourselves to.

Senator Wong—It is a different target, we can agree on that.

Senator BOSWELL—It is not a robust target.

Senator Wong—No, I do not agree with that. Let us be clear: there are different types of targets. It is true that the two nations you have mentioned have not identified the same type of target as Australia has or as the European Union has, but it is not correct to say that they have not imposed targets on themselves.

Senator BOSWELL—When the representative—

Senator Wong—Sorry, Senator, can I just let the officer speak, because I might have said something incorrect.

Mr Comley—No, it is not incorrect, Minister; it is more that there are policies and measures in those countries to address reducing emissions. There have been quite a lot of press reports recently of China actually directing factories to change production levels so that they can meet the targets they have actually set. That, I think, comes back to a question you raised earlier: is everyone effectively using the same mechanism to reduce emissions? The answer is no, and that is partly because they are taking account of the institutional and social context of those countries. In China, there is more of a command-and-control and less of a market-orientated system, so literally production facilities have been directed to change output levels and methods to achieve certain targets. That is all in the mix of achieving the targets that they have committed to.

Senator BOSWELL—I am not suggesting for one minute that nothing is being done. There is probably a lot of window dressing going on with renewable energy, windmills and so forth. Let's leave that to one side because debating that will not get us very far. I have specific questions on this new committee being set up that was announced today in the press. The committee will be a business round table, I just cannot remember who is on it. What will its role be? Does it have terms of reference?

Dr Parkinson—This question was asked earlier.

Senator BOSWELL—I thought the question that Senator Fisher asked was about the intergovernmental departments.

Senator Wong—Senator Boswell, you may or may not have been in the room, but I think Senator Birmingham asked questions about this committee. I indicated that I understood the terms of reference had been released publicly. I understand that is the case and they are at the back of the media release, I think.

Dr Parkinson—Yes. The NGO round table terms of reference are at the back of the media release by Ministers Combet, Burke and Ludwig.

Senator BOSWELL—I can read those.

Dr Parkinson—The terms of reference for the business round table are at the back of the press release from the Deputy Prime Minister and Minister Combet. I can read them if you like.

Senator BOSWELL—No, it does not matter. I can read them. I thought Senator Birmingham's questions addressed the intergovernmental department. Senator Birmingham, could I ask you—

CHAIR—I am not sure you are allowed to question your coalition partners in estimates. That is new to me; I am a new chair.

Senator Wong—He just wants to know where he has got to.

Senator BOSWELL—Have you received all you need to know about the business round table?

Senator BIRMINGHAM—I have and I would be happy to fill you in on it.

Senator BOSWELL—I turn to renewable energy and to your speech earlier this year, Dr Parkinson, when you put the cost to saving 13 million tonnes of CO₂ at \$7,692 per tonne. Are you familiar with that speech?

Dr Parkinson—That figure is not from my speech. I suspect what you are referring to is a speech I gave earlier in the year when I referenced the fact that we needed to make sure that we got the most economically efficient responses. People leapt on certain approaches because they seemed sensible, but when you actually had a look they could not deliver the magnitude of the reductions necessary or they were incredibly expensive. As an example, if we put a solar panel on the roof of every house it would save us I think between 13 million and 16 million tonnes and it could have a cost of up to—because it depends on the time frame and so on—\$200 billion. Somebody may have taken \$200 billion and divided it by 13 to come up with that number.

Senator BOSWELL—That is exactly what you did say and I presume someone in the press did that calculation and came up with an increased cost of 25 times.

Dr Parkinson—That is the argument for having a comprehensive, wide carbon price.

Senator BOSWELL—Yes. Then it may be an argument not to have any.

Dr Parkinson—That is like an argument saying, 'I'm not going to insure my house.'

Senator BOSWELL—That is your interpretation. As a public servant, you are entitled to that view.

Dr Parkinson—I am not interpreting.

Senator BOSWELL—That is an interpretation and, with due respect, Dr Parkinson—

Dr Parkinson—It is in an analogy.

Senator BOSWELL—I do not think it becomes you to make those statements. It is not up to your usually high professional standard. But if you have said that, and I quote you from your speech, can you tell us what the cost of wind abatement would be? Have you done any work along these lines covering the full gamut of renewables? If so, can you share the results with us?

Dr Parkinson—There are significant amounts of work on the public record. You can go back to the Switkowski report in 2006, you can go back to the Shergold report in 2007, which

is what the previous government adopted. And many, many times we have put these sorts of levelised cost estimates into the public domain.

Senator BOSWELL—Thank you for that. I see Mr Raether coming to the table. Maybe he—

Senator Wong—Senator, I am unclear—and perhaps the officials are not—about what you are asking.

Senator BOSWELL—Minister, I am saying that if the cost of abatement is \$200 billion for photovoltaic cells on people's roofs and that is—

Senator Wong—I know the set of figures because I think I have used it too in my previous capacity, but it is not government policy. It is intended as an illustration of the relative costs of different policy mechanisms.

Senator BOSWELL—Yes, I know. What I am asking is that if that is the cost of renewable energy—

Senator Wong—That is not the cost—

Senator BOSWELL—If that is the cost of photovoltaic cells—

Senator Wong—No, it is an analogy. It is to illustrate what a particular set of policies might cost you. It is not what the government's policy is. If you want Mr Raether or Dr Parkinson or Mr Comley to give you some information about the renewable energy target we can do that.

Senator BOSWELL—No, I am not saying the renewable energy target. The head of the department, Dr Parkinson, has made a speech and within that speech he has said the cost of—

Senator Wong—‘If you were’—it is an analogy. It is saying, ‘If we did this.’ If Australia chose—

Senator BOSWELL—But you are doing it.

Senator Wong—No, we are not. That is my point. He is saying, ‘If Australia chose to follow this path, this is what it would cost, broadly, and this is how much it would deliver, broadly,’ as an example of why it is preferable to have a broad based carbon price as a more economically and environmentally efficient policy. Dr Parkinson's speech is not asserting that this is in fact government policy.

Senator BOSWELL—I am not suggesting it is government policy. I am suggesting that if it is for every Australian household it is going to cost around \$100 billion, and if you divide that into your carbon saving it comes to \$7,692. Question the figures; that might be right or wrong. I am asking: what is the cost of the abatement of wind?

Senator Wong—We can answer that.

Senator BOSWELL—What you are trying to say is that you will not say.

Senator Wong—Senator, we just wanted to be clear about what was in fact being said in those statistics. I am sure we can assist with your question about the abatement cost of wind.

Dr Parkinson—And all we are saying is that the previous government and this government have published those numbers for a number of years, so we can just give you the latest ones.

Senator BOSWELL—I am not denying that you have.

Mr Comley—The latest numbers were produced in a report by MNA for the department earlier this year in the context of the renewable energy target. I think Mr Raether has the report here. Just before Mr Raether answers, the important thing is that to work out the abatement cost you have to look at the levelised cost of wind and compare it with the levelised cost of the alternative that you are replacing. And that broadly, because it is largely what is driving the REC price, is pretty closely driven by what the REC price is or is estimated to be, is the difference between the wind price and that number. Mr Raether can give the precise number but the broad order of \$50 to \$60 a megawatt hour is roughly the cost of wind above alternate sources, and that is effectively what the RET does—provide a filling of that gap.

Mr Raether—That is correct. It is in the order of \$50 to \$60 dollars per additional megawatt hour, or one dollar per tonne. I think the Treasury modelling that was previously released confirmed that it is around two to three times the carbon price. At that stage, the carbon price was estimated at around \$25 per tonne and so that would give you \$50 to \$75 a tonne.

Senator BOSWELL—Mr Raether, can you tell us how much has been spent, this calendar year, on upfront subsidies for domestic solar hot water and photovoltaic rebates?

Mr Raether—I will have to pass that to one of my colleagues.

Senator BOSWELL—There maybe someone who would know.

Dr Parkinson—It is covered in outcome 1.2, Senator.

Senator BOSWELL—Is there no-one here that can just give me a figure?

Senator Wong—We are in the chair's hands, but that is in the next outcome. So, whoever is listening to this, in this or the other room, if we can ensure that the senator's question can be answered at that time, we would appreciate it.

Senator BOSWELL—This year, we have seen the creation of 10.7 million RECs from rooftop photovoltaic systems and about 2.5 million from solar hot water systems, which would have a street value at the price you are guaranteeing the next year of almost half a billion dollars. We are going to go well above and beyond half a billion dollars before this year's is out. That is a pretty substantial subsidy. Mr Raether, do you have a project for the total number of small RECs this year, and do you have any revision of your estimate for next year, which your consultants only a few months ago predicted would peak at about 10 million? We are over that already this year. In fact, we are well over it now. We are up to 17 million so far this year.

CHAIR—Before we go to that, can I just indicate that we are trying to go to lunch at one o'clock. There are a number of senators that need to ask questions. The question you have asked, Senator Boswell, may be better asked under outcome 1.2, but I would ask for some clarity from the department on where you think that should be.

Dr Parkinson—Senator Boswell is now asking questions about the RECs and the renewable energy target. It is appropriate that that be done here, but—and I could be wrong—I thought the previous question was about the cash subsidies, not the RECs, and that would be under 1.2.

Senator Wong—We are in your hands, Chair. If you want us to flip into that, we can.

CHAIR—No, I would prefer not to. I would like to try to get this one—

Senator BOSWELL—Come back tomorrow?

Senator Wong—It probably would not be warranted, Senator Boswell.

Dr Parkinson—Unless we take it on notice?

Senator BOSWELL—No, I do not like taking things on notice. It gives you guys time to think up devious answers!

CHAIR—I do not know if it is an extensive question but, if this is the last question you have, why do you not ask it?

Senator BOSWELL—I have two more questions. I have sat here—

CHAIR—We are not going to get through everyone before lunch, so you may have to come back on that.

Senator BOSWELL—Can someone answer my question on this? My question is: do you have any revision of your estimate for next year, which your consultants only a few months ago predicted to be about \$10 million? I just added it all up today. I think we are up to 17.7 million. On the photovoltaic RECs, I think an additional 400,000 came in between Thursday and today. There are enough RECs out there to—

Mr Raether—Senator, you are quite correct in that the last modelling released was in May of this year. In terms of updated estimates available to the market, the Office of the Renewable Energy Regulator has put out a tender very recently for consultants to estimate the number of small-scale RECs for the 2011, 2012 and 2013 years. My understanding is that that consultancy will be done fairly quickly and will provide further information to electricity retailers and other interested stakeholders in the market.

Senator BOSWELL—The price of renewable energy certificates has collapsed to just over \$30. It is well below the level which the wind industry says is necessary for them to either achieve investment or have any confidence in the future. This decline reflects the very considerable oversupply of RECs in the market. What is your latest prediction of the state of the market at the end of the year? In the estimates earlier this year the department seemed pretty relaxed about the level of liquidity in the market. Do you still think the liquidity will be at the right level at the end of the year, because you have Grant King saying he has got enough renewable certificates to last him three years? The New South Wales Sugar Milling Council said about the price of RECs that there are so many out there washing around that you will never be able to establish a price.

Mr Comley—Without going to a precise estimate, one of the recent changes to the RET was to adjust the targets for the RET on the basis of the actual outcomes at the end of this year. I think it is true that forecasting precise numbers of RECs is challenging, particularly

over short periods of time. So the adjustment will essentially analyse how many RECs have actually been created at the end of this year and then, above a prespecified limit, the target would be augmented in 2012-13 to spread the additional RECs above a 34.5 million level. These are long-term projects which will have to produce RECs and electricity over a 20-year period. That mechanism is to ensure that there is not an excessive overhang in market, and that adjustment would then take it out of the RET for 2012-13. Beyond that period, the actual requirement of REC production on a purely large scale, because the two schemes are then separated from the end of this year, means that all those RECs have to be generated from the large scale. So that mechanism is put in place to try to address precisely this concern about the oversupply of RECs.

Senator BOSWELL—I understand that—

CHAIR—Senator Boswell, I am going to move on now. You have had a fair go. If you want to ask further questions on this you can come back on that. Senator Milne has got a couple of issues that she wants to raise in relation to this.

Senator MILNE—I just want to follow up on when I asked the question about the 85 megatonne CO₂e per annum as a result of current policies and measures, and that this is what has been reported for our first Kyoto commitment period. In answer to me, when I asked about the specific abatement amount from each program, you said about half of it was from, as I recall, land use change.

Mr Comley—I did not say about half; I said I would say a significant proportion was from land use change.

Senator MILNE—Okay, so a significant proportion. Can you just clarify that? I took that to mean in the vicinity of half—what are you thinking?

Dr Parkinson—We could probably get you that answer this afternoon.

Senator MILNE—I am trying to understand here that what you are saying is that the main difference between business as usual and how the abatement is going on that graph is the state governments' introduction of their clearing laws.

Mr Comley—I will have to double-check what the 85 million is referring to, because my recollection was that, in the national communication, the deviation from business as usual was actually larger than 85 million, so I think we should check for you this afternoon whether there is land clearing plus 85 million from 'other measures'. But of the deviation from business as usual, I expect the most significant measure is the land clearing.

Senator MILNE—That is what I am trying to get to: whether the 85 megatonnes is—

Mr Comley—I understand the question. We will check on that for you, Senator.

Senator MILNE—You will check on that? Because I just need to know whether the land-clearing laws are in fact the major measure to reduce emissions in that context, so I would appreciate the detail on that.

The second thing I wanted to follow up on was the mandatory vehicle fuel efficiency standards and the Energy Efficiency Task Group report. Looking at that again, it is not clear to me what standards they actually recommended. What we took from it was that they were

suggesting that there be a 50 per cent improvement in vehicle fuel efficiency in Australia in light vehicles by 2025. Given that that is a very poor standard compared with, say, a country like China, did the department express a view on what the Energy Efficiency Task Group actually recommended? Can you just tell me what they actually recommended, if that is not what they did recommend, and what was your view of that recommendation?

Dr Parkinson—You know that I was chair of the Prime Minister's task group?

Senator MILNE—Okay, you tell me then what you actually recommended.

Dr Parkinson—What we recommended was that we could sign up to the '50 by 50' at essentially very low cost now without comprising any decisions the government might take later to be more ambitious. So in a sense we were almost saying, 'At a minimum, you could sign up and do this and then we could be looking over time at how much more ambitious to be.'

Senator MILNE—What then is the process for looking over time at how much more ambitious to be, because I think you would agree that that is a very low level of ambition, as you more or less said a minute ago.

Dr Parkinson—Yes, and we did say that. In fact, we said:

An asterisk * denotes options that could be usefully progressed at low cost without compromising later decisions on the foundation measures.

Senator MILNE—Is it fair to say the Energy Efficiency Task Group did not make a recommendation—

Dr Parkinson—No, we did not.

Senator MILNE—on what mandatory vehicle fuel efficiency standards should be adopted?

Dr Parkinson—That is exactly right.

Senator MILNE—Given that, has the department made any recommendation to the relevant minister about what the standard should be for maximum abatement opportunity?

Dr Parkinson—We would have been in discussion with the relevant department, the transport department, which is considering this issue. What specifically we have said to the transport department, I do not think I can say.

Senator MILNE—So you cannot say what recommendation the Department of Climate Change and Energy Efficiency has made on what level of ambition would achieve the maximum abatement?

Dr Parkinson—Yes. In fact what the task group said is:

If a Regulation Impact Statement also demonstrated net benefits, the introduction of mandatory standards would deliver net financial savings... The Task Group therefore proposes a strong approach ... including ... a mandatory light vehicle CO2 emissions standard (currently the subject of a Commonwealth Regulation Impact Statement process) ...

And so we have been engaged with the transport department on that issue, but that is a matter for government to make a decision on.

Senator MILNE—Are you aware that China has said that it currently has 2.7 per cent of the electric vehicle market globally and that by 2020 it wants 35 per cent global market share of electric vehicles?

Dr Parkinson—I am not aware of those specific numbers, but I am aware of their commitment on this, as I am aware of their commitment, or desire, to have significant chunks of the world's supply of wind power, solar and so on. To me, it is part of their commitment to taking action.

Senator MILNE—So would you agree that Australia is significantly behind China in the issue of mandatory vehicle fuel efficiency and conversion to electric vehicles?

Dr Parkinson—On the mandatory emissions, figure 9.1 on page 127 shows where Australia sits. That illustrates that Australia sits significantly above China in terms of fuel inefficiency. The report also went on to talk about electric vehicles and strongly encouraged the government to think about how it could improve the prospects of electric vehicles—acknowledging, though, that it only really made sense in the context of decarbonising the electricity supply, otherwise all you are doing is running them on coal.

Senator MILNE—Yes.

CHAIR—Senator Birmingham.

Senator BIRMINGHAM—Dr Parkinson and Co., can I refer you to an article from the *Sydney Morning Herald* of 2 October about advertising of the ETS and climate change. Was there a planned advertising campaign around the emissions trading scheme or the CPRS?

Dr Parkinson—I am not familiar with the article you are referring to, but there were a series of proposals, and that has been widely canvassed in this committee in previous meetings. There was the integrated climate change advertising campaign, and that had three elements to it. It was around renewable energy target and solar credits; there was to be an element associated with energy efficiency behaviour change; and then, in anticipation of the CPRS being passed, there was to be a module addressing that. There was a strategy drafted around that but nothing was ever done—that is, no ads were ever prepared on the CPRS module.

Senator BIRMINGHAM—No ads were ever prepared on the CPRS module?

Dr Parkinson—No.

Senator BIRMINGHAM—Was an agency engaged?

Dr Parkinson—There was an agency engaged in the context of the integrated climate change advertising campaign. I am sure we have canvassed this thoroughly here before, Senator, and it has been subject to FOI, which I assume is the 2 October article to which you refer. As I said, we had considered in 2009 the integrated climate change advertising campaign. The idea there was that we would inform the public that climate change is a major challenge, that we all need to play our part in responding, and there is a range of policies and measures in place and specific government programs available to assist the community to take action.

We did some market research and the like and creative work between September and December last year. In the end, the RET solar credits component was partly developed, to the concept stage, but there was a lack of suitable media space available and it was put on hold. Then, with the failure of the CPRS to pass the Senate in December 2009 and the then announcement that it would be reintroduced in February 2010, that solar credits component was put on hold, particularly given the changes to the renewable energy target.

The CPRS module was considered. There was internal work in the department to draft a strategy around it. The government was never asked to make a decision, because of the failure of the CPRS to pass the parliament. If the parliament had passed it, then it is entirely appropriate that the government advertise its policy so that people understand how it would impact on them. There had been work done in anticipation of the CPRS passing and then we put it on hold.

Senator BIRMINGHAM—So no work was done around the CPRS module, as you put it, or, indeed, under any other campaign initiated by this department for developing creative materials around the CPRS or progressing to—

Dr Parkinson—No. We had employed creatives around the RET solar credits component. If you think about it, you start off by developing a strategy paper. If the government wishes to proceed, then you employ the creatives. Once you get the concepts and you have clear air, then you can move to production and release. On RET and solar credits we had developed the strategy, employed the creatives. That was in November 2009. Then, when the CPRS legislation failed to pass, because of concerns that we did not want to be seen to be advertising these sorts of policies at a time when the CPRS was still politically contentious it was decided to defer that until February. Then the decision was taken to reintroduce the CPRS in February. As a result, we chose not to take the RET solar credits any further, particularly in light of the decisions to introduce the small-scale RET. On the CPRS module, we had developed the campaign strategy inside the department but had not gone to government to get it signed off, because basically the parliament would have to have passed the legislation—under the way that the advertising arrangements were being operated—before we could advertise.

Senator BIRMINGHAM—You are not aware of any other campaign to sell the ETS or, more broadly, sell action on climate change that could have been shelved by the government?

Dr Parkinson—There was that work. The other funding which has been provided was announced in the budget—that was for the climate change foundation campaign. We commenced that and then, with the impending election, all of that went on hold.

Senator BIRMINGHAM—I was going to come to that. We may still have a moment or two to come to the climate change foundation campaign. That campaign takes all of the \$23 million allocated for advertising in this financial year or most of it?

Dr Parkinson—No. There was \$7 million allocated to last financial year out of \$23 million—there was a total of \$30 million. The intention was that the \$23 million would all be for the climate change foundation campaign.

Senator BIRMINGHAM—The intention was that the \$23 million would all be for the climate change foundation campaign?

Dr Parkinson—Yes. So the whole \$30 million was set aside for the foundation campaign. The expectation was that we would have got at least some of the expenditure done in the previous financial year. We did spend a small amount—about \$380,000—but then, with the timing of the election, everything was put on hold.

CHAIR—I propose that we finish 1.1 after lunch. It will only take a few minutes.

Proceedings suspended from 12.59 pm to 2.01 pm

CHAIR—I declare this session of estimates open and, in doing so, indicate a change to the agenda for tomorrow morning. The National Water Commission will be appearing following program 4.1, Water reform. I think that is a sensible approach to it and that has been decided, and the various departments will be advised of that process. I now call on Senator Birmingham to continue his questions.

Senator BIRMINGHAM—Just to finish off on the field of advertising and the like, with regard to the climate change foundation campaign where, of the \$30 million over 2009-10 and 2010-11, I understand, Dr Parkinson, you said about \$380,000 of the 2009-10 allocation had been expended. Have further costs been incurred in 2010-11?

Dr Parkinson—That \$380,000 thereabouts is the costs we have incurred to date.

Senator BIRMINGHAM—Total cost of the campaign?

Dr Parkinson—Yes.

Senator BIRMINGHAM—Is the campaign still a government priority? Is this something that you expect to proceed with during the course of this financial year, given it is obviously some way behind where you anticipated it being?

Dr Parkinson—Yes. It has been appropriated to us and it is government policy, so we will be developing the campaign, putting proposals to the government.

Senator BIRMINGHAM—You have selected the agencies, I understand from one of the answers on the question, who are conducting the campaign—that is, Open Mind Research, Ogilvy Worldwide and George Patterson Y&R.

Dr Parkinson—That is exactly right. They were the three that we have used to date.

Senator BIRMINGHAM—In terms of the actual purpose of this campaign, just to be clear: this is a campaign to educate people on what?

Dr Parkinson—It was to address the community on ensuring there was appropriate understanding of why action was being taken on climate change and to ensure that people understood what they themselves could do as part of that. It is essentially an engagement strategy to get people to understand the science of climate change, the impacts of climate change and the importance of action.

Senator BIRMINGHAM—Is there a timeline you would expect for initiation of this campaign into a public phase?

Dr Parkinson—It is now the middle of October; I would have thought it would be hard to have anything public before the end of the year. In fact, I think it would be almost impossible to do so. We are now in a process of going back and looking at to what extent community

attitudes have changed since the last time we did this sort of research and asking ourselves what the best way will be to engage the community in ways in which the community itself will respond to and seek out information.

Senator BIRMINGHAM—Have you sought carryover of the unspent funds from the last financial year?

Dr Parkinson—Yes.

Senator BIRMINGHAM—And it has been approved?

Dr Parkinson—That is a matter for ERC to consider.

Senator BIRMINGHAM—Is there a split—in terms of this \$30 million campaign—between what you would expect to be creative versus advertising buy?

Dr Parkinson—In that \$30 million some estimates will have been used to underpin that, but I do not know off the top of my head what they would be.

Senator BIRMINGHAM—Could you please provide a further level of detail on notice. I am sure that, beyond that, we will return to that campaign at a later stage. Is now a good time to ask about the NCOS Carbon Neutrality Program or would that fit better elsewhere?

Dr Parkinson—No, that is fine now.

Senator BIRMINGHAM—Have transitional arrangements been put in place between Greenhouse Friendly and the NCOS Carbon Neutrality Program?

Ms Thompson—Senator, I would be happy to answer that question. How we are effecting that transition in part is—the Australian Carbon Trust is administering a carbon neutral program on behalf of the government and arrangements are taking place to transition the Greenhouse Friendly companies from the Greenhouse Friendly program on to the carbon neutral program being run by the Australian Carbon Trust.

Senator BIRMINGHAM—In a speech on 10 June, Mr Combet said they expected final arrangements for the transition to be announced very soon and before 1 July. That has not taken place?

Ms Thompson—I am not quite sure what was meant by ‘an announcement’. In fact what happened was that the NCOS commenced on 1 July, and that in fact happened. Officers in my division and staff of the Australian Carbon Trust have been working with companies who were on the Greenhouse Friendly program to effect that transition. My understanding is that that is happening in a smooth way. So my understanding is that the guidelines and the templates for assisting companies to make that transition have all been completed and companies are moving across to the new program.

Senator BIRMINGHAM—And you believe that companies are satisfactorily aware of that transition and the process that is involved there?

Ms Thompson—I understand that we have put considerable effort into talking to firms affected, as has the Carbon Trust.

Senator BIRMINGHAM—Has the stakeholder discussion paper around the NCOS been released?

Ms Thompson—We decided to go down another route whereby we made the new guidelines for the carbon neutrality program available, and in fact those all occurred. I think you might be referring to a discussion paper we were planning to put out with respect to how domestic offsets would be treated under the NCOS. Since that time, the government announced as an election commitment that it would be implementing the Carbon Farming Initiative and arrangements for the NCOS are actually being taken up as part of that Carbon Farming Initiative.

Senator BIRMINGHAM—So a different consultation process and so on will evolve in relation to that. That is the initiative that I think the minister has given a commitment to have legislation into parliament early next year.

Ms Thompson—The timing of legislation remains a matter for government. I made some observations in response to a question at a workshop a week or so ago and said that we as public servants were hoping for legislation within a certain time frame. It was not a commitment from the minister.

Senator BIRMINGHAM—I have a spokesman for Mr Combet quoted as saying that the government plans to introduce legislation into parliament early next year and the consultation on design will begin late this year. Is the latter part of that statement accurate, noting that the former part is a matter for government?

Ms Thompson—My understanding is that that is correct.

Senator BIRMINGHAM—And you do expect consultation on that to begin later this year?

Mr Comley—It is true to say that we have already started consultation on that. We have already had discussions with a number of stakeholder groups about the Carbon Farming Initiative.

Senator BIRMINGHAM—I have another question in relation to NCOS. Has the independent expert domestic offsets integrity committee, on which you called for expressions of interest in membership, been established and announced?

Ms Thompson—My understanding is that it has not been announced as yet.

Senator BIRMINGHAM—Expressions of interest for that closed on 21 May. Is there a reason for it not having been announced yet?

Ms Thompson—I think part of the answer there is that the federal election intervened in terms of the timing for moving that forward.

Senator BIRMINGHAM—So membership of that committee is subject to ministerial approval?

Ms Thompson—That is correct.

Senator BIRMINGHAM—Has the department made recommendations to either the previous minister or the new minister?

Ms Thompson—We have provided advice to the minister, yes.

Senator BIRMINGHAM—So that is pending ministerial decision to make an announcement. As you indicated, the government made an election promise to establish a new scheme that captures some other forms of offset. I am just curious as to whether that extends to landfill offsets?

Ms Thompson—Yes, they will be covered under the Carbon Farming Initiative.

Senator BIRMINGHAM—So they are also involved in the consultation process that the department has initiated?

Ms Thompson—That is correct.

Senator BIRMINGHAM—Not wishing to take up too much time of the committee, perhaps you could provide on notice a bit of background as to the extent of that proposed initiative, who it is likely to capture and what consultation process has been developed. That would be appreciated.

Ms Thompson—We would be happy to do that.

Senator BIRMINGHAM—Thank you very much. Has the department commissioned any expert advice or consultancy services in relation to the impacts of a carbon tax?

Dr Parkinson—No.

Senator BIRMINGHAM—Has the department commissioned any expert advice or—

Dr Parkinson—Senator, could I just ask you to clarify the question? Are you asking whether we have employed a consultant or undertaken analysis of a carbon tax at any point in time or are you asking whether we have done it now?

Senator BIRMINGHAM—Let us set a time line and say within the last three years.

Dr Parkinson—In the last three years we have done analysis internally, but we have not employed a consultant on this issue.

Senator BIRMINGHAM—And is the department in the process of engaging any consultancy services or external advice in relation to analysis of a carbon tax?

Dr Parkinson—No.

Senator BIRMINGHAM—Or in relation to analysis of comparative measures of addressing climate change or reducing emissions?

Dr Parkinson—I think we have the expertise in-house to do all of that.

Senator BIRMINGHAM—Aside from Professor Garnaut, who you indicated is being engaged to update his work, are there any other external consultancies or contracts being issued by the department at present that have been prompted by the establishment of the cross-party committee or the government's abandonment of the CPRS as the preferred solution at present, or any of those policy decisions that have transpired over the past couple of months?

Dr Parkinson—Off the top of my head, I am fairly confident we have not done so. The only question—the reason I am hesitating is that, as I said earlier to Senator Fisher, we, with Treasury, were updating and preparing in the event that we are given particular types of modelling tasks. I cannot say, without knowing what those tasks would be, that we may not

end up commissioning some additional work, but we have not done so yet that goes to the issue of carbon tax.

Senator BIRMINGHAM—Thank you, Dr Parkinson. I am not asking you to rule out what you may or may not do, just where we are at a present. Thanks for that.

Mr Comley—Senator, just for completeness: we do have consultancies out at the moment to assist us with the projections exercise, the exercises we were discussing previously with Senator Milne, which are effectively an annual process to project where the emissions will be in the absence of other measures. So just for completeness I add that because it could be seen in a sense as a baseline that might have relevance to future work, but is not directly asking the question of design—

Dr Parkinson—It is not asking a policy—

Mr Comley—It is not asking a policy question at all, it is just the projections. That is the only consultancy that we might—

Senator BIRMINGHAM—It is projections in the absence of other measures, rather than, ‘Should option A, option B or option C apply’?

Dr Parkinson—Yes, that is right.

Senator FISHER—How many programs does the department administer under 1.1?

Mr Comley—Sorry, we are just trying to decide—I know 1.1 and 1.2 are difficult for this committee as well. We think the RET is probably the only policy and program actually administered under 1.1. Most of the things that are relevant to 1.1—

Dr Parkinson—In terms of administered expenses under program 1.1, it is the carbon trust and the advertising campaign engagement strategy, but then there are obviously things which we are involved in which the administration may sit—the administration of the elements of the renewable energy target sit with the Office of the Renewable Energy Regulator, which is the portfolio agency. And that sits under 1.1, as do things such as the implementation of the National Carbon Accounting Toolbox. But those sorts of things are departmental appropriations rather than administered, so I am not quite sure—

Senator FISHER—However, you mentioned at the outset the renewable energy certificates program—RECs.

Senator Wong—Target.

Dr Parkinson—Target.

Senator FISHER—The targets? Okay. I see, yes, given the overlap. What in the department’s view is the understanding of the renewable energy certificates scheme—the RET and the REC?

Mr Comley—I am sorry, understanding by whom?

Senator FISHER—What are the goals, what we are we doing it for?

Senator Wong—The government has an election commitment from 2007 for a 20 per cent renewable energy target, and the legislation to achieve that was the renewable energy legislation. I think it had a longer title from memory.

Senator FISHER—And why have we got a 20 per cent target? What is the purpose of that?

Senator Wong—To increase the amount of renewable energy Australia uses.

Senator FISHER—‘To increase the amount of renewable energy that Australia uses,’ Minister? So that is the goal?

Senator Wong—There is a range of them: bringing forward investment and renewables; reducing Australia’s emissions, particularly over the longer term because you are bringing forward investment in renewables, but I will pass to Mr Comley.

Mr Comley—Yes, that is right. At the broad level there are three related objectives of the RET as is currently constituted: one is an abatement in objective, which is to reduce, through the use of renewables, the emissions that would otherwise go into the atmosphere; the second objective is a technology development and deployment objective, which is above and beyond the short-term abatement effect of the technology that you deploy with renewable energy target; and the third element, which is related to recent changes to climate change, is also engaging the community in climate change action. And that last one was one of the reasons in which—those three issues together were one of the reasons that the renewable energy target was split into two parts earlier this year, to take account of the fact that there was a need to provide greater certainty in the large-scale market while engaging the community through the small-scale renewable energy target.

Senator FISHER—So those three goals give rise to the existence of the RET and RECs to underpin the RET? Is that right?

Mr Comley—They give rise to the existence and they also give rise to some of the key design features of the RET.

Senator FISHER—So that is why we are doing this thing?

Mr Comley—Yes.

Senator FISHER—What processes does the department have in place to ensure that the ‘whys’ are being achieved? That the reasons for which we are embarking on this good thought and process and program are being achieved? What processes have you got in place?

Senator WONG—I thought that you might like to recall that in fact it was the Howard government that first put in place—

Senator FISHER—I recall; you are now government.

Senator WONG—Yes, you were expressing, I think, some views about the merit of a renewable energy target. I thought it might be worthwhile for you to recall that the Howard government put in place a renewable energy target—considerably less than the target that we have put in place—and my recollection is that you in fact voted for the legislation that gives effect to the renewable energy target on at least two occasions in the last parliament.

Senator FISHER—And the answer to my question, Minister?

Senator Wong—Mr Comley will respond.

Mr Comley—There are a number of things that the department does. The first thing is to monitor on an ongoing basis REC prices to see the level of support provided by the REC. So we regularly monitor the available information noting that some of the information is not complete. I think, as we have discussed in this committee a number of times, that there is information available readily on spot REC prices but there is little information publicly available on contract REC prices, and about 80 per cent of RECs we believe are delivered through long-term contract arrangements, power purchase arrangements.

The second thing we do is that we maintain an extensive ongoing consultation process with relevant stakeholders to see whether the objectives of the RET are being met. The third and most obvious thing is that we conduct our regular inventory and projections analysis which looks at the trend of emissions and deployment of these technologies within the electricity sector. So they are the three principal things we do to monitor the outcomes of the RET.

I would have to say that in the 2½, almost three, years the department has been in existence there has been no shortage of people approaching us with views on whether the RET is meeting its objectives. It is not a principal concern to us of whether there is ongoing monitoring and analysis of the RET.

Senator FISHER—Can you say that again to make sure I heard correctly.

Mr Comley—I suppose what I am saying is that there is no shortage of advice and opinion and input to the department, urging us to keep a focus on whether the RET objectives are being met.

Senator FISHER—That being so, are they being met?

Mr Comley—The abatement objective is measured against whether the RET is being fully subscribed because that means the uptake of renewable energy has met the target set by the government. It is clear that the RET is being met. The only caveat I would put on that is that the RET was always designed to allow banking of RECs. That is, it was essentially a target cumulative over time, with the allowance for overproduction of RECs in the early years to allow for the fact that it may need some smoothing as the target became more ambitious over time. Unless you took the view that the banking of RECs at the moment was insufficient to meet the target in future years, then I think it would be a reasonable conclusion to say that the abatement objective was being met. I am not aware of any stakeholders who believe that the banked RECs will be insufficient to smooth the transition to the full abatement objective. So in terms of the abatement objective there is clearly evidence that it will be met.

Senator FISHER—In terms of meeting the target, but the target is not an end in itself, is it? You said earlier that the first limb of the goal of RET and RECs was abatement.

Mr Comley—Abatement at the lowest possible cost for a given target of renewable energy deployment, which is effectively a given amount of abatement that has been required, bearing in mind the level of electricity you are crowding out from fossil fuel areas.

Senator FISHER—So that is how you hook in your 20 per cent?

Mr Comley—That is right, so that the objective is to—

Senator FISHER—Okay, so if you are of that view, what public release are you making of the information to support that view? How do we know that it is tracking?

Mr Comley—There are two other elements here—

Senator FISHER—Proceed with those if you wish and then I will come back to that question.

Mr Comley—In terms of the second objective which I outlined in terms of technology deployment and development, it is clear that there is deployment of the renewable technologies. Part of that deployment is having the benefit of changing the price of deployment of those technologies which is also a desired outcome. You also see some cutting edge technologies that have not been deployed, such as geothermal, continue to do ongoing work also assisted by the programs. So I think there is evidence that it is certainly supporting a deployment of renewable technologies.

In terms of the last thing, in terms of community engagement, I suppose the most obvious measure of that is the uptake of what will soon be called ‘small-scale RECs’. The uptake of small-scale RECs has been very high and in fact has, as we have previously discussed with Senator Milne, actually outstripped the projections that had been made in the past.

So I think, on the question of those three objectives, there is fairly strong evidence that the objectives of the RET, as I have described them, are being met.

Senator FISHER—To what extent is the department making this so-called evidence public, and when?

Mr Comley—I think there are two parts to that question. The first is what the department is doing and the second is what the renewable energy regulator is doing. The renewable energy regulator puts quite a lot of information into the public domain on a monthly basis in terms of the uptake of RECs. It also provides extensive information on the RET in its annual report and in fact the department of climate change also provides reporting on the RET in its annual report.

Senator FISHER—All that sounds good, but what—

Mr Comley—Sorry—can I add: it should probably also be recognised that much of the RET development has occurred through a COAG process, and there has also been reporting on the performance of the RET to COAG over the last 2½ years.

Senator FISHER—This question also trespasses into other outcomes: 1.2 and 1.3. So that all sounds good, but is there any mechanism, and if so what, that collects and links energy efficiency data—for example, that which you have just outlined in respect of RET and RECs, Mr Comley—and analyses it and then makes a public for all to see, so that we can ensure that an arguably disparate number of well-intended programs are actually achieving, firstly, their individual respective goals and, secondly, ensure that—despite the best intentions in the world—the achievement of some or all of part of one is not cancelled out by what is happening with some or all of part of another?

Mr Comley—I will turn to Dr Parkinson in a moment on the question of energy efficiency, but it is probably worth just making the point that the renewable energy target is not an energy efficiency program. If you think of what puts emissions into the atmosphere, emissions into the atmosphere is: the amount of energy used, multiplied by the emissions intensity of each of the units of energy that you are actually using. Energy efficiency is addressed to the first

question—the amount of energy for any given activity. The RET is principally targeted at changing the emissions intensity of the fuel mix itself. So it is not technically an energy efficiency measure; it is actually improving the emissions intensity of the electricity sector. I think Dr Parkinson wants to comment on the second question.

Senator FISHER—Thank you for pulling me up on that technicality—and that is understandable. But I will come back to that.

Dr Parkinson—Your question is a very good one, and indeed—

Senator FISHER—Have you got a good answer?

Dr Parkinson—I've got a good chapter, if you like!

CHAIR—A whole chapter! Your luck's in!

Senator FISHER—Yes! Thank you, Chair. Sorry it is taking a bit longer than two minutes.

Dr Parkinson—Chapter 6 of the *Report of the Prime Minister's Task Group on Energy Efficiency* is entitled 'Innovation, data and analysis,' and the whole purpose of this chapter is that essentially what gets measured gets managed.

Senator FISHER—And that which does not cannot be?

Dr Parkinson—That is right.

Senator FISHER—I do not know if that is in there, but yes.

Dr Parkinson—No. We can add it in if you wish! But one of the difficulties has been that there has been this disparate group of policies in the energy efficiency space, and there have been people working in academia, in government—federal and state—and in the private sector. We are not using those people efficiently, in a sense, because they are not joined up, and we are not using the information efficiently because that has not been able to be effectively brought together. One of the proposals here is what we entitled the EEMAP, an energy efficiency measurement and analysis platform, so that we could actually go to that step that you are proposing which is to ensure that the information that we are collecting is actually then been used consistently to feed into policy development rather than it being a bit more ad hoc and piecemeal. So the issues that you raise were actually—

Senator FISHER—Dr Parkinson, to use Mr Comley's technical point, is that on the energy efficiency side of the equation—

Dr Parkinson—Energy efficiency.

Senator FISHER—I thought I heard you say that, not on the abatement side of the equation. Why would it not be for both when they are, in any sort of common sense way, intrinsically linked?

Dr Parkinson—They would be. To do this you would actually be looking at both the energy efficiency outcomes as energy efficiency and also on their abatement potential, on how they have impacted on particular sectors of the economy, households and the like. Exactly those sorts of issues you are raising are addressed in this.

Senator FISHER—I do not mean this in a belittling sense, but whether we are talking about energy efficiency or energy abatement, basically doing good stuff in respect of energy

and its by-products, doing good stuff in the environment, in that respect you are agreeing that at the moment there is no one body or thing that collects all the data, analyses it, links it and then reports on it?

Senator Wong—Chair, I find that question almost incomprehensible.

Senator FISHER—I think Dr Parkinson understands it.

Senator Wong—I think the officials are doing a sterling job, making a sterling effort in seeking to be of assistance, but I do not understand what that question means.

Senator FISHER—Dr Parkinson, do you?

Senator Wong—Senator, first, I think your proposition is that renewable energy is somehow an energy efficiency measure. Second, you are asking whether or not there is a single body that deals with energy efficiency measures. Does that include renewable energy? What are you asking?

Senator FISHER—I have asked my question. Dr Parkinson, can you answer it?

Dr Parkinson—In the context of: is there a single body that is responsible for collecting, collating and analysing data on energy efficiency—

Senator FISHER—And linking it.

Senator Wong—Linking it to what?

Senator FISHER—Each to the other.

Senator Wong—By some sort of arrow thing. What does ‘linking it’ mean?

Senator FISHER—Dr Parkinson.

Senator Wong—The officer is entitled to know what you mean by ‘linking it’.

Dr Parkinson—There is no single body. Indeed, that is a key point of chapter 6 of the report. That is not to say there needs to be a single body, but to say that there are gaps in the data. So there are a range of issues. Significant amounts of data are collected, which are not effectively being shared. There are gaps in the data and, until you address those things, the fact that we also have a fragmented research capacity cannot actually be overcome. So we need to think about how we measure and analyse all of this data and that basically comes down to how we bring people and the data together.

Senator FISHER—In respect of the Prime Minister’s task force report and the recommendation to which you referred, what will happen to that? Has the government responded to that recommendation yet? Where is all that at?

Dr Parkinson—Mr Combet and the Prime Minister launched the report in Newcastle on Friday, a week ago, and they indicated then that they were putting it out for public consultation. So there is no government response yet.

Senator FISHER—I just want to get some reassurance that that which sounds good is actually doing some good before we fund it.

CHAIR—Has everyone finished?

Senator BIRMINGHAM—What is the best place to ask questions around the Renewable Energy Future Fund?

Senator FISHER—Here, I think.

Senator Wong—You would have to ask in relation to the specific program because I think that was the funding vehicle announced at the last budget. But a range of programs was funded out of that fund, some of which are within this portfolio. Others are with Minister Ferguson or Minister Carr.

Senator BIRMINGHAM—Is the fund itself administered by this department?

Senator Wong—It was a budget announcement, so it is not like the Future Fund, where you have a board of guidance—if that is the question. It was an allocation for a range of programs; those programs have been announced and those programs are variously administered by different departments.

[2.40 pm]

CHAIR—I think we have exhausted program 1.1. We now move to program 1.2 and I call officers from the department in relation to program 1.2, improving Australia's energy efficiency, and invite questions.

Senator FISHER—There was a joint announcement today by Parliamentary Secretary Dreyfus and Minister Combet in respect of the Home Insulation Program and the proposition that the inspections and results will be farmed off to a consultancy on the one arm and the CSIRO on the other arm. Can you tell us about that please, Mr Bowles? And why?

Mr Bowles—This is obviously quite a complex area. I just want to explain how we are starting to work on a range of these issues.

The remediation of the Home Insulation Program has a number of facets, as you are aware, around FISP—the foil work—and HISP for the non-foil. Then you look at fraud and compliance activities as well as industry assistance. To put a program together to manage all of those complex issues, we need to make sure that we can quite specifically target the areas that need to be targeted within this program. If we were to come up with a process that then, effectively, scared the horses we would not be able to effectively target the areas that we need to.

Senator FISHER—That presumes they are not already scared.

Mr Bowles—The department currently puts a lot of data on its website. We talk about the number of inspections, and we are up to around 95,000 across the entire program at the moment. But we also have a range of other data up there that keeps the broader community up to speed with what is really important within the program. If you have had a look at that website—we update it quite regularly every month—one of the critical statistics for the community to be aware of is the fire data, which is all on the website.

If we go down other pathways where we actually look at what is part of our responsibility now—being the remediation of this program—we need to have the capacity to target those firms that probably did not do the right thing within the program, and that is what we are doing. The real issue that we are faced with here is: how does that get down to what is of real

concern? If we have a look at the fire data—we have seen that progress over the last couple of months—it tracks very closely with the installations and it has significantly reduced over the last few months. We know quite a bit about that data at the moment. We know that a lot of it tracks very closely with the installation. We know that things happened in the first short period of time after installation, and if you have a look at the statistics on the web you will see how that has tracked over time—down to a point where, from our understanding of the pre-home insulation rates and from what we have understood from the data that is out there, it is about two per 100 of the fires previous to the program actually related to an insulation issue.

Senator FISHER—Thank you, Mr Bowles.

CHAIR—Senator Fisher, you have to let the question be answered, please.

Mr Bowles—What we now know in relation to the program we have had 197 fires; 163 of those have been reported through fire brigades and the balance have been found through our inspection programs. We also know that of the 197 only 27 have caused structural damage. If we look at that in percentage terms of what was done within the program of 1.2 million homes, 197 fires roughly equates to less than 0.2 per cent—which is significantly less than what we understand to be the long-term average of those sorts of significant fire issues within insulation. If we look at structural damage, the 197 fire incidents are just that. Twenty-seven relate to structural damage of either the house or, in some cases, just the roof. It is quite insignificant in terms of the overall program but obviously significant for those involved.

Senator FISHER—Thank you. In terms of the announcement, the government has commissioned CSIRO—so says the press release—to do a statistical analysis of the inspection data to inform future inspections, and the government has asked the department to commission a private firm to analyse safety inspection programs in order to further assess the inspection program. What happens to the inspections that—until now, presumably—had been taking place whilst CSIRO does this job and a private firm does that job?

Mr Bowles—The inspection data is actually used in our targeting approach.

Senator FISHER—My question is: what happens to the ongoing inspections whilst these two bits of work are being done?

CHAIR—Senator Fisher, Mr Bowles had hardly opened his mouth before you interrupted him.

Senator FISHER—I am trying to help him cut to the chase.

CHAIR—You do not need to help him; just let him answer the question please.

Senator FISHER—All right, Chair.

Mr Bowles—Thank you, Chair. I am almost losing my train of thought now.

Senator FISHER—Don't do that!

Mr Bowles—The inspections continue while anything is going on. The CSIRO are helping us in that targeting strategy. The inspection data is critical for us in understanding where we need to go with the program. It is exceptionally helpful for us. CSIRO have been engaged, and they are helping us with that, and that is how we know a little bit about the program prior to HIP, if you like. And yes the government, through Minister Combet and Parliamentary

Secretary Dreyfus, did say this morning that we were going to engage an internationally recognised consultancy firm to help bring all of this sort of thing together.

My professional view on this is that we need to strategically understand where all of this goes from a broad risk perspective for government within the context of what we are doing. I believe that is an appropriate way that we can move the whole program forward. That is not to say that we are stopping inspections, far from it. We are actually in the process of ramping up. To give you an idea, we are up to close to, I think, 40,000 now in the foil space, and it is about 58,000 in the non-foil space. So we are quite significantly progressed, because, if you recall, the commitment was to do all 50,000 of the foil homes and a minimum of 150,000 in the non-foil space—and also to undertake inspections for anybody who rings up our hotlines and wants an inspection.

If you look in broad terms, that is around 200,000 across both those programs. We are up to around 90,000-odd inspections. So we are starting to get some momentum in that. If we continue the way we are, using CSIRO, when we engage the consultancy firm we will really start to bring together all of that data. That will start to give the picture of where we go from there and give government some understanding of what is the next step. I think that is entirely the most appropriate way forward for us to understand the broader issues around how we continue to target and where we go with the 150,000 and the like.

In the foil space, we think at this stage, based on our current projections, barring torrential rains—which we have had a little bit of lately—we will be around 90 per cent complete for the foil homes by Christmas. So we have made pretty good progress. We are actually ramping those up quite a bit at the moment.

Senator FISHER—You have commissioned the CSIRO. When will they report?

Mr Bowles—They are helping us along the way. We expect that we will have a pretty good understanding around Christmas as well.

Senator FISHER—So CSIRO will report by Christmas?

Mr Bowles—As I said, they assist us through advice along the way. We would be looking at that report, I would suggest, at around Christmas time, Decemberish.

Senator FISHER—To whom do they report?

Mr Bowles—To me.

Senator FISHER—Will their findings be made public as and when they are provided to the department, to you?

Mr Bowles—I will be using that in the context of the broader consultancy and in our broader targeting regime. Ultimately the minister did say this morning that, once the government have considered all of that information, they will release that to the public.

Senator FISHER—When will that be?

Mr Bowles—It is hard to put an exact time on it, but I would see in the first half of next year we should be in a position to make all of those issues public, because by that stage we will be well and truly over halfway through all of the inspections. We would have our

targeting regimes down pretty well by that stage, so we will have a really good understanding of all of the different issues that we are facing within the program.

Senator FISHER—Why CSIRO? What have they got to do with this song-and-dance match?

Mr Bowles—Well, they are a bunch of scientists, I suppose. We are using mathematicians and statisticians because they are good at looking at numbers and helping us with a targeting regime. It is specific to that part of the business.

Senator FISHER—You have said that you will consider the CSIRO's information. You said earlier that it will bring together data, help decide where to from here and what is the next step. Given that you have also said that you expect the FISP inspections, the foil inspections, to be complete by Christmas—you said 90 per cent complete by Christmas—and you have said that CSIRO will deliver its report to you by Christmas or December, it is all going to be over, isn't it, other than 10 per cent for the FISP by the time the CSIRO do the job they have been tasked with doing as announced by the government today?

Mr Bowles—No.

Senator FISHER—In respect of the FISP.

Mr Bowles—In respect of the FISP, it is not an issue as far as CSIRO goes because we have already committed to doing 100 per cent of the just over 50,000—

Senator FISHER—Then why won't you release the results of the FISP inspections thus far?

Mr Bowles—Again, we need to complete the work we have underway and do the analysis of all of the results of that.

Senator FISHER—Why?

Mr Bowles—Once the FISP is complete we will be looking to again work with those consultants to put that to bed.

Senator FISHER—But you have basically just said that all of the FISP will be done bar 10 per cent by Christmas, which is the projected time for CSIRO to deliver its report, so what is the point other than a smokescreen for government refusing to release the statistics? How can it be anything different?

CHAIR—Senator Fisher!

Senator FISHER—I am looking for reassurance.

CHAIR—Senator Fisher!

Senator FISHER—All right, Chair, I will shut up—just for a tick.

CHAIR—There are many senators wanting to have input into this. I want you to, if you don't mind, ask the question and allow the witnesses to answer the question and then we will move through this much more efficiently.

Senator FISHER—I will have a cold drink.

CHAIR—Mr Bowles, do you want to continue?

Mr Bowles—Thank you, Senator. You are mixing two issues too. FISP is separate to HISP.

Senator FISHER—I get that.

Mr Bowles—You are actually asking me a question that goes across multiple areas when it only actually relates to one, so I want to clarify exactly where we are going here. The FISP progress is actually in the minister's statement this morning. It actually talks about where we got to with that and it talks about where we might get to by Christmas. CSIRO is about understanding in the non-foil space a targeting regime. It is not the definitive story on the entire program; it is assisting me and the department in understanding our targeted regime to make sure we actually deal with the right places within the HISP. So the two are different.

Senator FISHER—I understand that.

Dr Parkinson—Perhaps the simplest analogy is that the work that CSIRO is doing with us is helping us finetune the inspection regime. They are assessing the information as we are collecting it through the course of the inspection regime and helping us use that to target better where we need to be going. It is essentially just like taking the information, analysing it on a real-time basis and using that to improve the quality of what you are doing.

Senator FISHER—So you are saying it is more for HISP than FISP?

Mr Bowles—That is correct, Senator.

Senator FISHER—Good.

Dr Parkinson—It is solely for HISP.

Senator FISHER—So CSIRO is HISP. Now I do understand. It takes a while sometimes. In respect of the private consultancy firm, when do you expect to task it with its job and when will it be required to report?

Mr Bowles—At this stage we will consider how we go to the market and deal with those things such as whether we go through panel arrangements. We will be doing that in the next little while and obviously trying to engage them as soon as we can. At this stage I would envisage it will be at the end of the first quarter or thereabouts in 2011.

Senator FISHER—Sorry, was that 'report' or 'engage'?

Mr Bowles—No, we will engage them as soon as we can after we go through our normal processes—hopefully, well before Christmas. I would hope that by at least the first half of next year we will have an outcome. I would hope it was towards the end of the first quarter or the start of the second quarter maybe.

Senator FISHER—To whom will they report?

Mr Bowles—Again, to me and I will provide advice to the government on those findings.

Senator FISHER—How much is budgeted?

Mr Bowles—At this stage I have not worked out a total budget for that particular process. We will do that in the build up of our scope and our terms of reference for the consultancy.

Senator FISHER—Who is the firm? I presume from your earlier answers—

Mr Bowles—I do not know who it is yet. Obviously it is not going to be anyone who has worked on the program. I believe it needs to be independent and we need a firm that has some experience in understanding some of these strategic issues, not necessarily a firm experienced in the insulation industry.

Senator FISHER—Will the findings of the firm be made public?

Mr Bowles—The minister indicated in his press release this morning that they would be. He said that when this work has been considered by government it will be released publicly.

Senator FISHER—I see. Yes. Is the private sector work across all the inspection programs?

Mr Bowles—The consultancy work? In essence, it will be across the entire program. Remember that FISP is a 100 per cent program, but obviously we will need to have that consultancy firm look at all facets of the Home Insulation Safety Program.

Senator FISHER—That said, from the time frame that you have set out—90 per cent of FISP inspections to be completed by Christmas and the private sector consultancy to report perhaps by the end of the first quarter or the beginning of the second quarter 2011—you would expect the shooting match re FISP to be over by the time that report is to hand, would you not?

Mr Bowles—You would think it would be pretty close to being finished. Again, if you go to the minister's press release he indicates where we are at the moment as far as the results of the FISP go. He says that 46 per cent have had foil removed, 40 per cent have had safety switches installed and 14 per cent have had inspections only.

Senator FISHER—In respect of foil, there would be little work left to be done by the private sector consultancy report by the time it is to hand.

Mr Bowles—That is correct, other than to interpret those results for us.

Senator FISHER—Did the department advise the government of the minister's and parliamentary secretary's press release today?

Mr Bowles—I advise the minister's office and the parl sec's office on a regular basis about how the program is performing. My advice was around how we should start to look at this program through the CSIRO arrangements and through any consultancies that we do. I do not advise them on how to put their media releases together.

Senator FISHER—From that, then, do you know why Minister Combet suddenly reappeared on the scene after being missing in action, arguably, last week?

Senator Wong—That is not a question.

CHAIR—That is not in order.

Senator FISHER—Is there an answer, Minister?

CHAIR—That question is not in order.

Senator FISHER—So, Mr Bowles, you have advised the government about all of this. I will turn to the reasons that the government are saying they are now embarking on this course of action. The first reason is the suggestion that non-foil inspections are not a random sample

and therefore are not representative and that non-foil inspections are being targeted due to a risk assessment. Therefore, the implication is that, again, they are not representative. But, given what you have referred to as the 100 per cent saturation in terms of inspections for HISP, the same cannot be said for FISP. So those reasons cannot be applied to the FISP as a basis for releasing the results, can they?

Mr Bowles—As I said, for FISP the results are in the paper. They talk about 46 per cent having had foil removed, 40 per cent having had switches installed and 14 per cent having had inspections only. That is the FISP.

Senator FISHER—Yes, but it does not say what the outcome of the actual inspections is. That is very pretty, but what does it tell us?

Mr Bowles—If we go back to what FISP is, FISP is a program about foil removal and safety switches being installed. So the statistics on FISP are: 46 per cent have had foil removed—

Senator FISHER—Why?

Mr Bowles—With an electrician talking to the householder—that is how decisions are made. We are now saying to everyone, ‘Take it out.’ We have a process in place where the inspectors, who are licensed electrical contractors, speak to householders and, for a range of reasons, decisions will be made. It is a householder’s decision ultimately as to what happens. In 46 per cent of the cases, the foil is removed.

Senator BIRMINGHAM—Is a safety inspection undertaken first to inform the decision of the householder?

Mr Bowles—An inspection of the house is done. Just because 46 per cent have it removed does not say 46 per cent are unsafe. It is a conversation between the licensed electrical contractor and the householder and, on that basis, they either want the insulation or not. Given some of the bad press, I suppose some have actually gone down the path of having it removed.

Senator BIRMINGHAM—So, to your earlier point in response to Senator Fisher, of, in a sense, not wanting to scare the horses over HISP by putting out data that may be inaccurate, you are putting out data that says that 46 per cent of householders are having foil removed. You are now saying, however, that that 46 per cent may not be houses that are all unsafe, but you are not telling the public what the result of the safety audits have been. Is that not scaring the horses, potentially?

Mr Bowles—No. Again, understand the nature of the two programs. One is 50,000 houses, and we are inspecting and giving the option of foil removal of safety switches, so we are doing 100 per cent of those. The other is a fundamentally different issue. It is not about electrocution, as was the initial incident that created the conversation around the foil—

Senator FISHER—By other, do you mean non-foil?

Mr Bowles—Non-foil. FISP is fundamentally different from the non-foil or HISP program. They are not comparable as far as those sorts of discussions go.

Senator FISHER—So what of the 40 per cent—

CHAIR—Senator Fisher, let me clarify what is going on. We cannot have a tag team. You have the call, and Senator Birmingham has the call next. Would you like to finish now; you have been going for nearly 25 minutes.

Senator FISHER—You have been very good, though.

CHAIR—I will move to Senator Birmingham after this question so that he does not have to do a tag team with you. He will get the call next. This is your last question.

Senator BIRMINGHAM—I think we were working quite cooperatively there. We will let you know when we are concerned about cutting over each other's questions.

CHAIR—Let me be the judge of that.

Senator BIRMINGHAM—We will be the judge of which of us may ask.

Senator FISHER—Of the 40 per cent in terms of FISP who, according to the press release today, elected to have safety switches installed—why? Of the 14 per cent who, according to the press release today, have had inspections only—why?

Senator Wong—That has been answered. The officer at the table explained to you the nature of the FISP, the discussion with the householder and the election—I suppose is the way he described it, I think—as to the outcome arising out of the dialogue between the householder and the electrician.

Senator FISHER—Which is an obfuscation for the real results in terms of dangerous and dodgy.

Senator Wong—There are a set of issues that you want to ask us about HISP. In relation to the foil inspection program, as the officials have outlined to you, the government's commitment was, as I recall, to inspect and remediate 100 per cent of the foil installation. That is what Mr Bowles is identifying.

Senator FISHER—We will agree to differ on the extent to which today's announcement discloses the results of the FISP inspections, because in my view they do not, but I hear the department.

Senator Wong—If you are going to make an assertion such as that—

Senator FISHER—I have given the department and you, Minister, the opportunity to answer questions to destroy the assertion.

CHAIR—Senator Fisher, could you let the minister finish her response.

Senator Wong—I disagree with the assertion. What Mr Bowles has outlined is precisely the numbers, under the FISP, of people who have chosen to install safety switches and people who have chosen to have it removed, and then there are 14 per cent of householders who have chosen inspections only. I am not sure, Senator, what your accusation is in respect to that program—what other percentages we should have been releasing—but the results of that program are quite public.

Senator FISHER—The underlying results are not public, Minister.

Senator Wong—So what are the underlying results?

Senator FISHER—The results of the inspections. How many of the 58,000 of those inspected thus far have been found to be unsafe, and why? And how many of the 50,000 foil insulated homes inspected thus far have been found to have been done so in a dangerous and dodgy manner? The 40 per cent, 46 per cent and 14 per cent do not tell us one iota of that information—unless you want to say 100 per cent.

CHAIR—Senator Fisher, you have asked the question and the minister is trying to give you a response.

Senator Wong—If you want to give a speech, Senator, perhaps you should just wait for the Senate to sit.

Senator FISHER—I would prefer to hear the answer.

Senator Wong—Senator, I am not sure we can add anything further to the figures, which were publicly released, that there has been remediation in relation to 86 per cent of the homes inspected.

Senator FISHER—We agree to differ. My final question on this issue is: why was this announcement made today?

Mr Bowles—You would have to speak to the minister about that.

Senator BIRMINGHAM—I want to pick up on the issue of FISP. We have 40,000 and 50,000 households that have been inspected or have bookings for inspections completed, to date. What information is the department provided with by the inspectors, other than the information about whether foil was removed or safety switches installed?

Mr Bowles—Every time one of the licensed electricians goes out, they deal with the householder and they basically leave the house safe, no matter what, and they deal with a whole range of things. I do not specifically have, off the top of my head, all the ins and outs of what data we keep, but obviously the main issue with this program, as I said before, is to have foil removed or safety switches installed. We have a lot of data about all of those sorts of activities and are monitoring that. And obviously we need to understand that, so we know when we can actually fully complete this particular part of the overall HIP.

Senator BIRMINGHAM—Electricians undertake this work, is that right?

Mr Bowles—Yes, that is correct.

Senator BIRMINGHAM—So rather than call them inspectors, we will call them electricians so that we are all clear. Is there a template that the electricians send back to the department once they have completed the work?

Mr Bowles—The FISP is a program that is run by PriceWaterhouseCoopers and they have subcontracted the work to United Group and they maintain the data through that PwC-PGL link. They maintain the data. They actually look at the houses that need the work done and then they go down that path.

Senator BIRMINGHAM—Is PwC collecting data from the electricians on whether or not the installations of foil insulation had been undertaken in a satisfactory manner or not?

Mr Bowles—Yes, they are.

Senator BIRMINGHAM—And is that data being provided to the department.

Mr Bowles—Yes, it is.

Senator BIRMINGHAM—How frequently?

Mr Bowles—I do not know, off the top of my head. On a regular basis.

Senator BIRMINGHAM—We have 40,000 completed or have arranged a time. How many have been completed or reported to the department? Do you know?

Mr Bowles—If you recall, when the program closed down householders could get their own electrician. There are 24,000-odd in that. Under the other program, from memory we have completed around 17,000. That is how you get to the 40,000.

Senator BIRMINGHAM—Is PWC backtracking over the 24,000 to make sure they have data that is comparable to the 17,000?

Mr Bowles—That is correct. We will talk to the 24,000, and obviously a large number of those are very comfortable with the outcome they got with their own electrician. Some will choose to have the new electrician inspectors come out to check it; some will not.

Senator BIRMINGHAM—Those original 24,000 were entitled at the time to have the insulation taken out or to have a safety switch installed, or were they just safety inspections?

Mr Bowles—Inspection and make safe, effectively.

Senator BIRMINGHAM—They still had the choice of backing up with secondary—

Mr Bowles—We have made the decision that we should give them the same opportunity as those who did not actually get the electrician themselves. Some have chosen to go down that pathway; some have chosen not to. I do not know the percentages.

Senator BIRMINGHAM—So the 46 per cent removal, 40 per cent safety switch is actually only a figure that pertains to the 17,000?

Mr Bowles—That is right.

Senator BIRMINGHAM—Of the data that has been provided to the department by PWC, what proportion of foil installations had been completed satisfactorily?

Mr Bowles—I do not know but overwhelmingly the majority. I do not know the specific numbers. The overwhelming feedback that I get back from FISP is that there is not an issue with the foil installation. There are cases, as has been reported, involving metal staples and those sorts of issues. Anything like that is reported to the electrical safety organisations.

Senator BIRMINGHAM—We come to these estimates knowing full well that we tend to go through the nitty-gritty of detailed numbers on things. I find it astounding that, if you do not know, there is not somebody present who does know and does have the data outlining exactly what proportion of inspections found faulty equipment, faulty installation, faulty workmanship et cetera in the foil program. Surely somebody has that information here; you would not have turned up having left all of that helpful data that PWC have at great expense to the taxpayer collected on your behalf back in the office somewhere.

Mr Bowles—As I said, overwhelmingly the feedback I get is that the installation of foil has been quite good. We are talking very small numbers where there are issues, and you have

to understand how that operates as well. It is about voltage and current and there are all sorts of technical issues and again it is not appropriate to just keep making statements about current versus voltage and all those sorts of things. In our everyday lives we are subject to incidental voltage from telephone wires and towers and god knows what. All those sorts of issues get mixed up in our data.

Senator BIRMINGHAM—I am sure that is the case, Mr Bowles. It is hard for me to get mixed up in the data because you are not sharing any of it with us, aside from essentially the vibe of the data, which is that overwhelmingly most of them have turned out to be okay. Is there nobody in this building who has a folder that summarises this data that can join you at the table and help out?

Mr Bowles—That is correct, Senator—there is nobody. I am responsible for this program and what I am saying is that the appropriate statistics on this program are 46 per cent removal of foil, 40 per cent safety switches installed and 14 per cent inspection only—usually because they already have safety switches or they are basically very comfortable with the installation.

Senator BIRMINGHAM—A rather appropriate statistic for the taxpayer who funded all of these installations in the first place is whether or not the installations were up to scratch in the first place, too. That is an appropriate statistic and I find it astounding that in the thick folder of briefings before you you do not have any briefing that gives us any other feedback about what these inspections have found aside from the 46-40-14 per cent data.

Mr Bowles—I will say it again—this program was specifically designed for 100 per cent of the houses that had foil installed. A decision was made way back when—

Senator BIRMINGHAM—So we are not interested in whether the installations were done effectively or not?

CHAIR—Senator Birmingham, I ask you to do the same as I asked Senator Fisher—that is, to allow Mr Bowles to answer the question before you interrupt him or ask another question.

Mr Bowles—The program, as it was designed, was about removing the foil or having safety switches. Those are the main issues that we are dealing with within the FISP.

Senator BIRMINGHAM—Can you take on notice, please, to provide us with copies of the templates that PwC presumably expect the electricians to return to PwC and with information around the types of data sets that PwC reports to the department?

Mr Bowles—Are you talking about a proforma, blank inspection sheet?

Senator BIRMINGHAM—I am assuming that there is one, and correct me if you do not think there is, but I am assuming that PwC expects electricians to report certain information back to them and that they must, for ease, have developed a type of template for the reporting of that information.

Mr Bowles—Yes, I will take that on notice.

Senator BIRMINGHAM—We will jump across to HISP, then. When did you come to the conclusion, Mr Bowles, that the manner in which the department was selecting homes for inspection under the HISP needed better statistical or mathematical rigour?

Mr Bowles—This has been an ongoing process since I started in this job on 1 March. We have progressively used the inspection data to inform how we actually look at the program in the broad and how we could better target our approach to make sure we find the right dwellings. We need to take into account a range of issues like the type of house, the type of insulation, and the installer—because we have a lot of data on installers and some of the activities that they undertook. We look at a range of things around installers. That then goes into developing our targeting strategy. That has been our process from pretty much day one when I walked in. Over the eight months since the program closed down, we have been constantly reviewing that based on the data as it comes through. That is why it is really important in this targeting arrangement to make sure that we keep using the data to inform our approach to who and how we inspect. That is why we are going down that path.

Dr Parkinson—Essentially, this is an optimisation program. You are trying to find out by taking every additional piece of data as you get it and asking how much information in this piece of data helps me refine my search strategy. My search strategy is basically what I am using here to target. As this data keeps coming in you are constantly refining that approach and you are going to find that some things that you may have thought at the outset were relevant, when you were looking at a wide panel, are not actually relevant and you are able to narrow the focus as you keep going. That is essentially what we are trying to do here. And CSIRO, with the mathematicians and the statisticians there, have been working to help us refine our targeting strategy.

Senator BIRMINGHAM—I appreciate that it is an ongoing process. When was the decision taken to bring in CSIRO to assist?

Mr Bowles—I made that decision—I cannot remember the exact date, but it would probably be two or three months ago. I think they have been working with us for quite a while to help us with our targeting arrangements.

Senator FISHER—So why was it announced today when you made the decision three months ago?

Mr Bowles—The minister made a statement today talking about—

CHAIR—Excuse me, Mr Bowles. Senator Fisher, if you want the call then can you please seek the call. Senator Birmingham has the call. If you have any questions that go to the issues that Senator Birmingham is going to then you can seek the call and you will get the call.

Senator FISHER—I reckon Senator Birmingham might ask that question.

Senator BIRMINGHAM—I would appreciate it if we could let the witness answer Senator Fisher's question.

Mr Bowles—The minister in his release said the government has commissioned. Well it was commissioned two to three months ago. I do not know the exact date, but it is a while ago. It was a pure statement of fact in there. I suppose the new bit is the consultancy firm. If you want to ask when I personally came to the view that we needed to do that then it was probably about a month or six weeks ago. I have been mulling over a whole range of different ways that we could do this.

Senator BIRMINGHAM—When you came to the view that we need to do what?

Mr Bowles—Further work with other consultancy firms.

Senator BIRMINGHAM—Right, so two to three months ago CSIRO were brought in so presumably you have already made further refinements and improvements to the targeting process.

Mr Bowles—Constantly, as I said before.

Senator BIRMINGHAM—Constantly and ongoing, as Dr Parkinson and you have highlighted that that work will be improved. Miraculously today, on the day of Senate Estimates, this information is revealed. I suspect this is about the third consecutive series of estimates in which, miraculously, we have ministerial statements announcing new developments or new ways to withhold information by the government on the morning of potential questioning of the department—

Senator FISHER—And the day after the recognition of real miracles!

Senator BIRMINGHAM—That is not your doing, I know; but of course it frustrates those of us on this side of the table. Does the CSIRO or do you believe that 58,000 out of 150,000 is a reasonable sample?

Mr Bowles—Obviously it is a large chunk of the work. But, as I said, this is a strategy that the more data you have the more refined and better you can get. That is the process that we have adopted from day one and that is the process we are still adopting. As I said when I talked about CSIRO before, their process is about advice to me in the program about how we actually do this targeting.

Senator BIRMINGHAM—Did CSIRO advise you that the data at present lacked the mathematical rigour to be publicly released?

Mr Bowles—CSIRO were not asked to talk about whether anything should or should not be released. That is not a decision of theirs. I have engaged CSIRO to help me with targeting strategies to make sure that we do get the right number of houses. That 150,000 was the minimum that we said would be done. We may decide that we have to do 160,000. We may say something else. I do not know. We have asked CSIRO to help us with that targeting strategy, because clearly this industry has a lot of good, reputable players. There are a lot of good installations out there. It is not appropriate that we go over and over good installations. So we are using CSIRO to try and target in that way.

Senator BIRMINGHAM—So you have brought CSIRO in to provide mathematical and statistical rigour to the process?

Mr Bowles—That is correct.

Senator BIRMINGHAM—But you have not asked CSIRO whether the 58,000 that you have inspected already is mathematically or statistically significant enough to warrant public release?

Mr Bowles—No, because that is not what I want them to do; I want them to help me to come up with my answers for how I target the program.

Senator BIRMINGHAM—So who has decided that it is not a large enough sample to warrant public release?

Mr Bowles—It is not a matter of whether it is a large enough sample or not; this is about how I am managing the program. I have chosen to actually have an iterative process with the data to make sure we target the right number of houses.

Senator BIRMINGHAM—I appreciate you wanting to target the right number of houses, but that does not mean the data needs to be kept secret at every stage until you have completed that process.

Senator Wong—It is fine if you wish to continue asking the questions. I am not trying to intervene to prevent that, but I am not sure that Mr Bowles can add much to the statement released by the minister and the parliamentary secretary around reasons. That is the minister's statement and those are the answers to that question. You are addressing a range of other issues with Mr Bowles but, on that issue, I am not sure he can add anything further to the minister's statement.

Senator BIRMINGHAM—I think Mr Bowles, in the answer he just gave, used the words 'I have decided' in the context of the release of the information. So it sounds like it is a decision sitting at his level, not at Dr Parkinson's, not at the minister's or the parliamentary secretary's.

Senator Wong—I am making a broader point about the release of information which is covered in the press release. My understanding of Mr Bowles' answer is that he was reflecting on how he has chosen to structure this program and he was outlining to you why he wanted to utilise what I think he referred to as an iterative process. But I am intervening just to yet again say—and I appreciate you have a political view about it—that the minister and the parliamentary secretary in their release today have outlined their reasons for the way in which the safety inspection results will be dealt with.

Dr Parkinson—If I could just add something, just to be clear: Mr Bowles has operational responsibility for the program, but accountability, like everything else in the department, rests with me.

Senator BIRMINGHAM—I appreciate that, Dr Parkinson. Ultimately, we used to think in this place that it rested with the minister, but Minister Garrett appears to have defied that logic or historical approach with regard to this program and some others. Have inspections been undertaken for work relating to each installer under the Home Insulation Program?

Mr Bowles—As I said right at the start, this is a broad program that is FISP-HISP fraud and compliance and industry assistance. I do not want to compromise—and I know you have not asked me anything on fraud related issues—the way we are targeting either HISP homes or, in fact, what we might be doing in other parts of the program. If I release information around some of that sort of activity, it will compromise some of the work we might be doing in the fraud and non-compliance space. If I say we are only targeting X, that might lead down a pathway. If I say I am targeting Y, it might lead to something else. I am conscious that I do not want to compromise a range of things that the department is undertaking.

Senator BIRMINGHAM—Refresh my memory: how many registered installers undertook work under the program?

Mr Bowles—There was approximately 7½ thousand. That is, for the original program.

Senator BIRMINGHAM—That is for foil and all together?

Mr Bowles—That is correct.

Senator BIRMINGHAM—With more than 200,000 inspections across the program taking place, are you telling us that there will not at least be one inspection per installer's work?

Mr Bowles—What I can say is that a large number of the 7½ thousand only did one or two installs.

Senator BIRMINGHAM—They could well be the dodgiest of the lot.

Mr Bowles—They could well be the home owners as well. There are a range of issues. That does not mean they will not be inspected, but, clearly, the number of installers is not the only way to look at this particular issue. Again, I go back to this: I do not want to compromise a range of activities that we in the department have underway.

Senator BIRMINGHAM—If this is an iterative process, what does the CSIRO currently believe to be the optimal number of inspections to be undertaken?

Mr Bowles—We have not got to that figure, as I said. We are probably looking at getting that around Christmas.

Senator BIRMINGHAM—They have been with you for two to three months, but you are still working on that?

Mr Bowles—Yes, that is correct.

Senator BIRMINGHAM—Similarly, will they be looking at the optimal number of installers to have their works inspected?

Mr Bowles—They will be looking at the range of issues to target the inspections at.

Senator BIRMINGHAM—The sole reason for not giving public information at present about the results of inspections undertaken to date is that it may cause some sort of unnecessary apprehension?

Mr Bowles—I think there are a range of issues. As I said, it compromises our targeting approach; it does create apprehension within the community, because—

Senator BIRMINGHAM—How does it compromise your targeting approach? It is not like installers can undo the behaviour that they have already done?

Mr Bowles—Senator, I said there are a number of things. That was the first one. The second one—

Senator BIRMINGHAM—I was challenging you on the first one.

CHAIR—Senator Birmingham, pleased let Mr Bowles finish the question.

Mr Bowles—On the compromise issue, it is about fraud and noncompliance. That is why I do not want to compromise that. It can create apprehension in the broader community and it can do damage to the industry if in fact inappropriately that sort of information is put in the public arena. The objective of the program is about rectifying any of the safety issues. That is why we are quite specific about our targeting arrangements.

Senator BIRMINGHAM—On the first one, if you are releasing ongoing data about noncompliance, how does that in some way compromise fraud investigations?

Mr Bowles—Because it depends on what noncompliance there is with the terms and conditions of the program. What we are looking at is technical compliance in a lot of these things with the terms and conditions. So if in fact they are fraudulent and I start to release information out there about that particular noncompliance it scares the horses. There are a range of things that we do in this space that obviously we are not willing to compromise in us getting an outcome for that part of the program. It is just about understanding all of the data that we need to look at to not only to the inspections but also, as the minister has said in previous times and in his media release this morning, about fraud. We need to keep going down that pathway.

Senator BIRMINGHAM—Mr Bowles, I have to say that was particularly unconvincing in relation to that aspect. Frankly, yes, if you were releasing specific examples of instances, then I can see how that may, of course, be giving information about people whom you or the AFP may be considering a prosecution or you may be considering cost-recovery activities or the like. But to give aggregated data I can see having absolutely no impact on your fraud or compliance activities. Indeed, in terms of scaring the horses or scaring the public, if that were the case, the police would never release crime statistics.

Mr Bowles—Senator, it was one of a number of issues that influenced the decision not to release the data—one of. We have HISP; we have a fraud and non-compliance program. We cannot afford to compromise those activities.

Senator BIRMINGHAM—Mr Bowles, it beggars belief to anybody that having undertaken 58,000 inspections already, and saying that you are now in the process of ramping it up to undertake what is the remaining two-thirds under your current target, that you do not have some information that you can release. I think everybody would be gobsmacked that the department has taken this decision—if it is, indeed, the department's decision—to do so.

Mr Bowles—Senator, you keep referring to the 58,000 in the context of the 150,000. There are 1.2 million homes in the population of the program. We are trying to make sure that we can target the best way to understand the broader population, if you like, to know how many we have to do—is it the 150,000, is it more or is it less—whatever the real number happens to be at the end of our targeting process.

Senator BIRMINGHAM—I want to come back to some issues around the costs of the compliance programs—

CHAIR—Just before we do that, I indicate that I have been advised that Senator Wong has to leave at four o'clock.

Senator ABETZ—Mr Bowles, just following up from a very interesting and good line of questioning by the Senator Birmingham: did you seek independent legal advice on this decision not to release any data?

Mr Bowles—I use in-house people all the time including the Australian Government Solicitor. Did I specifically ask for legal advice on my targeting regime? Not specifically around that, no.

Senator ABETZ—So, you did not. It is all your decision that it might somehow compromise.

Mr Bowles—This program is designed to both inspect and rectify insulation. I have the program accountability for that, as the deputy secretary of the department, and ultimately the secretary has the overall accountability for the delivery of the program. We make decisions within the context of the program every day.

Senator ABETZ—But you did not get interdependent legal advice. Quite frankly, it does not sound credible to me that it could compromise your activities to release the numbers that Senator Birmingham sought—and that was the only intervention I sought as a follow-up.

Senator MILNE—I noticed in the Auditor-General's report on the insulation program—and I would expand it to include Green Loans—he said:

The fallout from the program has caused serious inconvenience to many householders, reputational damage to the insulation industry, and financial difficulties for many Australian manufacturers and installers. It has also harmed the reputation of the Australian Public Service for effective service delivery.

Exactly the same could be said of the Green Loans program. So I ask the minister: who has the government determined is to be held to account for that?

Senator Wong—Is this the HIP or of the Green Loans—you mentioned both.

Senator MILNE—I am specifically referring to an Auditor-General's quote in relation to home insulation. But I would argue that exactly the same applies to Green Loans in terms of the inconvenience to householders, the reputational damage, not just in insulation but in terms of energy efficiency and severe financial difficulties, for assessors, for example, as well as manufacturers and installers, and the harm to the reputation of the Australian Public Service. Who is the government holding to account? If not the minister, then who?

Senator Wong—In relation to the home insulation program, as the Prime Minister has made clear, the government takes responsibility for the problems with the program. The government has taken a number of steps—a great many steps—to remedy the problems with the program, and I think that this committee has traversed a range of those.

Senator MILNE—So the government as a whole, and nobody in particular, takes responsibility for the failure of this program and all of those consequences from it.

Senator Wong—I do not agree that no-one takes responsibility. I have just said that the Prime Minister has made it clear that the government has taken responsibility for this and there has been a great deal of effort and focus, as there should have been, on remediation. In relation to both the foil and non-foil insulation sectors, there has been a great focus on remedying the issues. As you know, the Auditor-General's report was issued last week and, I think, referenced a range of the decisions the government has subsequently taken since the closure of the program and the implementation of the remediation programs that Mr Bowles has outlined.

Senator MILNE—Okay. On Green Loans, who is the government holding to account for the complete mismanagement of that program and the reputational damage to the Public

Service? Who is being held to account for the failure of the administration of this program, since the report clearly shows a failure of governance?

Senator Wong—The Green Loans program, as you know, has also been the subject of a range of inquiries, and the government has been quite transparent about the release of those. In fact, I think that when I was minister we released the Faulkner report and the reports from Resolution Consulting Services and Protiviti. There was subsequently an Auditor-General's report as well. A number of actions were taken in relation to the Green Loans program.

Senator MILNE—I accept that, and I have read about the fact that there have been many actions taken, not least of which is the transfer of the program to this department and away from DEWHA in the progress of it all. The issue I have is that, from the point of view of somebody sitting out there in their lounge room, there has been a complete and utter failure of governance and nobody is being held to account—not the minister and not, it seems, anyone in the department. It just seems as if everyone says: 'It failed. Oh, dear. It's a problem. We're trying to fix it.' But nobody is accountable. So are we to accept that nobody is to be held to account for the failure in governance over these loans in DEWHA for a start?

Senator Wong—Senator, you are aware that in relation to that issue there are matters that I do not propose to go into in the context of a public hearing. Dr Parkinson may wish to comment, but I have said that in relation to the Home Insulation Program, and equally in relation to Green Loans, obviously the government is accountable. The reasons for the failure of the Green Loans program have been identified and I think have been extensively worked through. The government has been quite transparent in opening up that program to consideration. In looking at the failures in that program, the Auditor-General has also made a range of comments in relation to that program. My recollection is that the Auditor-General did not make any recommendations in relation to the Green Loans program, which—I do not want to speak for the Auditor-General—would suggest that many of the issues identified in that report had already been acted on or were being acted on by the government.

Senator MILNE—It still does not go to the point that I am making. Yes, I accept that the government has moved to address the problems that were identified. These problems had been extensively identified in the Senate in the last quarter of last year. If you go back through the records of question time, you will find that I raised a number of these issues over and over again. This is my concern. Yes, I understand there are specific actions being taken, but I am asking about overall governance and accountability. The Auditor-General has said that the senior level in DEWHA did not oversee this program as might have been expected. So is anyone to be held accountable for that? That is quite separate from any particular investigation that there may be as a result of criminal activity or whatever.

Senator Wong—I think your question is essentially asking me to comment on the actions of DEWHA officials.

Senator MILNE—I am asking you whether the government is holding DEWHA officials to account since the minister is not to be held to account.

Senator Wong—As I have said, the Prime Minister has made clear the government is accountable for the errors in both this and the Home Insulation Program. The best way to discharge that accountability is for the government to do what it is doing which is seeking to

remedy it. Having said that, it is the case that in relation to both the Green Loans program and the Home Insulation Program the Auditor-General has identified failings in the advice that was given to the former minister, and there has been quite some comment on that. I cannot speak for the department—they are not at the table—but there has been public comment about the nature of the advice to the minister.

Senator MILNE—On the nature of the advice to the minister, I take it now that the current minister henceforth is fully briefed at all times in relation to the program and henceforth there will not be the excuse, in my view, that the minister did not know, was not informed or that information was withheld. Presumably that is one thing which has been dealt with and that the minister is now being informed in a timely manner about the progress of this program—is that the case?

Senator Wong—Dr Parkinson may want to add to this, but, firstly, I take issue with your use of the term ‘excuse’. The fact that the minister was not well served or the minister received briefings that were inadequate was identified by the Auditor-General. I do not think that is an excuse; it is an observation that he has made. Obviously departments seek to provide full, frank and fearless advice to ministers, and I hope that the department will take account of what is occurring now.

Dr Parkinson—The only thing I would add is that the series of reviews—Hawke, Faulkner, the other reviews and now the ANAO reviews into HIP and Green Loans—provide a lot of insight for the department as we have had to take responsibility for these programs. In terms of advice to the minister, on these programs, as on everything else the Department of Climate Change and Energy Efficiency is responsible for, the ministers receive regular and, hopefully, high-quality briefing. We have acknowledged that in the ANAO Green Loans and HIP reports that what the Auditor-General was saying was consistent with our reading of the other reports and our experience with this when we took responsibility for the program. I have spent the vast bulk of my time since 8 March working on these issues directly around HIP and Green Loans but more generally around ensuring that the department has in place the proper processes, governance arrangements and appropriate training levels for people so that under our watch these risks are minimised and that we deliver on the rectification tasks that we have been charged with.

It is up to others to assess that, but I would draw your attention to the fact that in both ANAO reports, as I read them—and I do not want to put words in the Auditor-General’s mouth—the Auditor-General is saying where we are doing the right things. We have just had Tony Blunn, a very experienced former secretary, come in and look at what we are doing. He also said that if we are able to deliver on what we have started on, we are doing very well in terms of the risk management. I publicly committed in the past that in 12 months time I am going to have an independent assessment of the department to see how much progress we have made.

In all honesty I do not see that I can do any more. In terms of the senior staff in both the green loans and home insulation areas, all of the staff there have, I would say, been through multiple changes in personnel since, probably, late last year. The people who came across to us when the MOG occurred and the people who are in those jobs now are as seized as I am with making sure that we actually deal with these challenges.

Senator MILNE—You said your job is obviously rectification of some of these problems. In the light of the Auditor-General's report, has the department recognised the need to offer compensation to the Green Loans assessors who have incurred damages, if you like, as a result of maladministration?

Dr Parkinson—A number of assessors have raised issues with us. We will be working through those in the same way that government always deals with those types of defective administration claims.

Senator MILNE—I just want to explore that some more. What I asked was: has the department recognised the need to offer compensation because of the identified maladministration? That is a matter of principle. It is different from how you might work through individual claims. I would like an answer to the question of principle. Do you accept there is now a need—

Senator Wong—There has been no announcement by the government in relation to such a decision. Dr Parkinson has outlined the way in which those assertions would be dealt with in the normal course that government would handle such claims.

Senator MILNE—Okay, but I think there are up to 10,000 people out there who are very interested to know how the government is going to handle this. In the event that a claim against the department is successful for compensation should it either be settled internally or go to court, which department will pay, DEEWR or you?

Senator Wong—Senator, you are asking the officers a hypothetical question.

Senator MILNE—I will ask a specific question then. In the event that a compensation claim is successful—

Senator Wong—Senator, could you—

Dr Parkinson—Senator, perhaps this is the way we could handle this. The way CDDA claims are handled is that they are paid for out of the departmental funding provided to the department against whom the claim is lodged, and the claim is lodged against the department that currently has responsibility for the function.

Senator MILNE—Thank you. So it is you. That is just what I wanted to establish. I want to go on to something a little bit different, Chair. I do not know if you want to break now.

CHAIR—Yes, certainly—in one minute. Can we come back to it after the break?

Senator MILNE—Yes, I will come back to it after the break.

CHAIR—I declare the meeting adjourned until 4.15 pm.

Proceedings suspended from 3.58 pm to 4.17 pm

CHAIR—We will resume the hearing. I welcome Senator Collins. We were in the middle of questions from Senator Milne. Senator Milne, do you want to continue your questions?

Senator MILNE—Yes, I do, please. I want to go a bit further on the Green Loans program ending and Green Start program planning and the contention we have that the department has learned the lessons from Green Loans and is applying them in terms of Green Start. The first issue I have is in relation to training. The draft contract provided on the website says that

assessors must be accredited by ABSA. But the Auditor-General's report in Green Loans states that there is no accreditation as ABSA cannot accredit as there is no recognised Australian qualification for the Home Sustainability Assessor course. The draft department contract says that the accredited assessors must have trained before December 2009—presumably because the department has concluded that the bulk of the poor assessments happened after this date. However, none of this rectifies the fundamental problem that none of the assessors under Green Start will have a properly accredited and benchmarked Australian qualification. What is the department doing about that?

Ms Rankin—The minimum requirement for applying for the Green Start program is accreditation. I guess one of the primary ways that we are trying to ensure that we get improved quality in assessors and assessments under Green Start is, firstly, by running it as a grants program, which means we have the opportunity to ask assessors to provide us with information about their other skills and experience, and training that they have undertaken. As I am sure you are aware, there are a wide variety of people working in the industry at the moment. Some of them are really experienced and well credentialled, having worked in the building industry for many years. Others have really only done the two- or three-day course that was provided under the Green Loans Program. So assessing applications for Green Start allows us to really get an understanding of which assessors and assessor organisations have a broader range of skills and experience and are potentially best placed to continue to undertake the assessments in the absence of that formal accredited training course—which we are still progressing and trying to get accredited but clearly will not be in place in time for assessments to be able to be finalised in time for rolling out under Green Start.

Senator MILNE—So the confidence that we would have that the assessors have appropriate qualifications in the absence of that accredited training course is essentially the selection panel?

Ms Rankin—Yes, that is right.

Senator MILNE—So who is the selection panel? I do not mean names; I mean organisational representation. What positions will be represented on the selection panel?

Ms Rankin—Initially, we are doing the assessment ourselves, internally, and we will be providing advice to the minister, who will make the final decision.

Senator MILNE—So departmental representatives will be on the selection panel—

Ms Rankin—That is right.

Senator MILNE—and then there will be a recommendation. So there will be no external people on the selection panel?

Ms Rankin—No, not at this stage.

Senator MILNE—Okay. And what qualifications do the people who will be making the selection have that will enable them to determine whether the people they are assessing have the appropriate levels of qualifications?

Ms Rankin—I think everybody who has been involved has had previous experience in managing programs and grants administration programs. So, when we are reading through credentials and experience on application forms, we can tell the difference between somebody

who has 10 years of experience in undertaking assessments through a state government run program or working in the building industry, versus somebody who says that their only skills are from a two-day course.

Senator MILNE—Okay. Moving on to the assessment calculator, as you would be aware, there have been long-running problems with the assessment tool. That was identified in the Auditor-General's report, and I note that this is one of the areas of the Auditor-General's report that the department disputed. Firstly, what steps has the department taken to ensure that, when Green Start begins, the assessment tool being used is accurate and credible? Secondly, if there are large or substantial changes to the assessment tool, how are you going to make sure that the people contracted under Green Start are then appropriately trained in understanding the changes to that tool and its significance?

Ms Rankin—Throughout Green Loans, we collected information from assessors about issues and concerns they had with the tool and we have been regularly feeding those through to RMIT, who are managing the tool on our behalf. They are being asked to have another look at the tool, in the context of the transition from Green Loans to Green Start, to address a set of issues that is still outstanding. We are also looking at getting the tool internationally benchmarked against other sustainability assessment tools so that we can provide that public confidence, confidence we already have, that the tool is credible and accurate. It is based on the Australian greenhouse calculator, which has longstanding credibility, so it is already a well-established tool. There is always room for improvement in tools as you start to actually use them in practical environments and scenarios, and our sense is that the ongoing changes are continual improvement changes rather than fundamental errors that need to be fixed in the tool.

Senator MILNE—So you do not think there is going to be a need to retrain the assessors or draw their attention to the changes in the calibration of the assessment tool?

Ms Rankin—Sorry, I forgot that question. For anybody that is offered a contract under Green Start, we are proposing to run intensive training courses for each one of them around Australia where we would go and spend a day or two with each one of those people and run them through the full suite of program responsibilities that they have under Green Start including the tool, which, for some of them, may be the first time they have ever seen it and used it. For people who have used it under Green Loans, it will clearly have to cover the issues of how are things different now compared to how they were under their experience with Green Loans?

Senator MILNE—Do you have a view about how many assessors you are likely to contract under Green Start? Do you have an optimum number or are you just depending on the quality of the people who apply?

Ms Rankin—We are looking primarily at the quality of people that apply, the value for money and the geographic coverage of the remaining assessments that we can get across Australia.

Senator MILNE—The next question I have relates to cold calling. I raised this in the Senate a couple of weeks ago. It is well known that cold calling will be prohibited under Green Start, but it is now emerging that there are international and domestic call centres and

companies advertising directly to generate databases of clients ready for when Green Start begins. Obviously, because cold calling will be prohibited under Green Start, companies see a pecuniary advantage in doing it because if they win the contract then they have a ready list of clients already found in that way. If they do not get a contract then they can sell the database of clients on to a company that does have one. How is the department going to address this? Is this not, in fact, ending up punishing current Green Loans assessors when the problem is much more systemic than that?

Mr Bowles—Offshore call centres are definitely a problem. The department can try, during its assessment process or during its evaluation process, to deal with that in the training of our assessors as well. It is difficult in some cases to manage some of the offshore call centre arrangements, but we will be doing whatever we can to try and limit what is going on. As you say, people are out there on a range of different issues. I get a number of calls myself on a number of things at night at home and we have to try and work through what is the best way to manage the international stuff.

Dr Parkinson—Senator, as you know, we will be prohibiting the use of third parties to cold call. That is fine once we have got funding agreements with participants in Green Start. But were somebody to enter a contingent contract that says, ‘I will sell you my database if at some point in the future you ask me to,’ then we cannot stop that. As Mr Bowles said, that is something we are conscious of. In a way, that could all be done now. People could enter contingent contracts and then only trigger them if it turns out they were successful in achieving a contract. It is well beyond our capacity to stop it.

Senator MILNE—One of the issues that arose over the weekend as a result of the current directive that just went out over cold calling is that the Green Loans assessors are saying that in order to try and sort out what will happen with Green Start, people who have current contracts with Green Loans or green assessments is that they can no longer use call centres to cold call for their five bookings a week. As a result of this arbitrary change in their contract, they say that that stymies their chances of getting any work for the last four weeks of the program.

The point is that you put out a directive on cold calling as it might apply to Green Start, which is fine, but in the meantime there are four weeks of the old program to go and assessors contracted under that are using call centres in order to get their bookings and they are saying that you have now prevented them having worked for the last four weeks of the program in breach of their contract. Can you just explain to me why those people cannot use call centres to get their five bookings for the last four weeks of the program.

Ms Rankin—We have been saying for many months to assessors that they were not able to do cold calling to generate work under green loans as well. The changes that went out on Friday were just a formalisation of their terms and conditions of their contracts. It is advice that is being provided continuously to assessors, certainly since I started the job in March, through various assessor newsletters. It is just part of the process of us tidying up the legal arrangements of the conditions of the contract that we formalise that. So if people have been using call centres, they have been doing it outside the arrangements that we were supporting for the program already.

Senator BIRMINGHAM—Chair, on Senator Milne’s indulgence, I will just briefly say that people have been contacting both Senator Milne and I over a long period of time on a number of green loan issues, as you well know, Ms Rankin. Certainly it seems as if it was just the Friday gone by at 5 pm that an email was sent out from the department to assessors seemingly highlighting almost exclusively the requirements of the contract relating to cold calling and canvassing for business. Regarding Senator Milne’s point, why is it that with four weeks to go it has suddenly become an imperative to highlight this clause to assessors?

Ms Rankin—We are still committed to trying to improve the administration of the Green Loans Program for as long as it operates. We have been going through a process of continual review of the contractual arrangements to pick up issues that have been coming through our compliance program. That has highlighted to us that, for a number of assessors, there has been some lack of clarity for people about whether they are allowed to cold call or not. So, despite all of our previous advice that cold calling and the use of call centres to generate work for green loans was not supported under the program, a decision was taken that we needed to specifically address that.

Senator BIRMINGHAM—Several estimates, a minister or two and a department ago I recall either Senator Milne or I asking the question as to whether cold calling was allowed and one of your predecessors was unable to tell us at that time whether cold calling was allowed. So it is little wonder confusion has reigned supreme. I understand the desire to fix up the confusion but, I guess, rightly or wrongly, business models evolve under how they are allowed to operate and with such a short period of time of the program, which has been struggling, now left to go, it does seem almost a little harsh to those who are still, at least, actively engaged in that business model to pull out from underneath them what they have been pursuing.

Dr Parkinson—My recollection is much as you have just said in terms of discussion here at an earlier estimates hearing. I may well be wrong on this, but my recollection was that it was about if we could at that time effectively prohibit cold calling, as against strongly discourage—and we were trying to strongly discourage cold calling. We were unclear whether we actually could legally prohibit cold calling.

Senator BIRMINGHAM—I don’t want to go over the past and I have interrupted Senator Milne. Just one specific question, Ms Rankin, before I hand back to Senator Milne: was there an event, a complaint or something in particular that prompted the 5 pm Friday email?

Ms Rankin—No, it is just ongoing. As I said, we have been continually reviewing the types of issues that have been raised for us through our inquiries line, through our complaints line and through our compliance program. We do get quite a number of calls from householders complaining about cold calling. We went back and reviewed the fact that our advice to assessors previously had strongly discouraged it, as Dr Parkinson said. The advice was that we needed to provide some much clearer advice and direction to assessors about what is or is not allowed under the program in relation to this to address the concerns that were being raised by householders.

Senator BIRMINGHAM—Thank you for the indulgence.

Senator MILNE—I want to finish this line of questioning by coming back to the financial management of these types of programs. I note that the Auditor-General did say that he thought that the department should give priority to establishing a grants policy unit to facilitate consistent practices across the department. I understood from Dr Parkinson's response that there have been a whole lot of changes to administration of various aspects of this program and others, but I want to specifically know whether the department has taken up the recommendation at the time. In April this year the department agreed in principle but I do not know what happened and whether a policy unit has been set up to do that. I want to know whether, apart from maladministration and poor governance which go to the accountability in the department, there have been any breaches of the Financial Management Act in relation to the administration of the green loans. I will start with the Financial Management Act and the establishment of a grants policy unit such as that recommended by the Auditor-General.

Ms McIntyre—If I recall correctly, the establishment of a grants policy unit was part of the Department of the Environment, Water, Heritage and the Arts's response to Hawke and Faulkner. What we have done is put in place new grant guidelines and they are administered through our business and services branch but we do not have a specific unit. So, while we have a policy, we have not actually established a unit to undertake that review but the function itself is being undertaken within the department.

Senator MILNE—So the recommendation was for both DEWHA and your department and it was for identifying and managing risk through the program lifecycle, assessing and selecting projects that represent value for money and meet program objectives and criteria, monitoring project performance and reporting on whether program objectives are being achieved. Are you telling me that for this department those specific functions have been allocated to specific sections of the department?

Ms McIntyre—That is correct, Senator.

Senator MILNE—So in future if we want to know about various aspects your department can do it. The second part of my question was in relation to whether any breaches of the Financial Management Act or any other legislation have been identified in relation to the administration or the governance of the green loans.

Mr Twomey—We did identify some breaches of the FMA Act and the FMA regs. I do not have the specific information here in front of me, but I can take it on notice.

Senator MILNE—Could you take it on notice. I would like to know what have been the consequences if breaches have been identified.

Mr Twomey—I will take that on notice.

Dr Parkinson—Mr Twomey can correct me, but I think we have put almost 270 staff through procurement training and at least 50, with another 100-odd in the queue, through financial management training.

Senator MILNE—Which begs the question: managing such large programs as these were why had staff not been given that financial management training previously?

Dr Parkinson—That is a question I cannot answer. Undoubtedly some of them will have had, but what I have required is that everybody in, for example, the Green Loans area has to have this procurement training. It was part of our response.

Senator MILNE—Mr Twomey, were there any other breaches of any other bits of legislation, or just the Financial Management Act?

Mr Twomey—Just the FMA.

Senator MILNE—Just that one? Thank you.

Senator TROETH—I will go back to the earlier questions we were looking at for HISP and FISP. I will pull this out of page 26 of the Auditor-General's report, which found that by March 2010 13,808—that is, 29 per cent of safety inspections at that time—had quality and safety problems. Are there any more recent figures on those, or does that go back to those you said were unable to be put out?

Mr Bowles—Yes, it goes back to the discussion we had earlier. It is our targeting strategy, and those figures were from early March.

Senator TROETH—Yes, they are his figures up to March.

Mr Bowles—Yes, that is correct.

Senator TROETH—And the figures that we were actively discussing before are the figures since March—is that correct?

Mr Bowles—That is correct. Updating those figures is our targeting strategy, as I said, and therefore I do not want to release them in that sort of context.

Senator TROETH—Right. I will not go back over that discussion but there will be a point at which they will be released to the public?

Mr Bowles—Yes, that is correct. The minister's media release actually refers to it; once we get through the CSIRO and the independent consultancy process, we will release that to the general public.

Senator TROETH—I think Dr Parkinson also pointed out that there were nearly up to 1.2 installations. Given the figures that I quoted earlier, does that not mean there are potentially around 300,000 homes with dodgy or dangerous insulation jobs?

Mr Bowles—That is exactly why I do not believe it is appropriate to talk about our targeting process, because that is a targeted sample and is not necessarily representative. The Auditor-General does say in his report that it is not necessarily a relevant figure across the entire program. The inspection process is about identifying problems—that is what we have to do. It then informs our further targeting and allows us to get to the right houses. It is about that, so you cannot extrapolate across the entire program.

Senator TROETH—I think you have also said in the past that people can get an inspection if they ask for one—is that correct?

Mr Bowles—That is correct.

Senator TROETH—Is that really enough, given that there is at least some level of demonstrated safety risk?

Mr Bowles—We have a safety hotline, so if someone has concerns about their own circumstances they ring up and we will arrange an inspection. In addition to that we still have our normal inspection processes, where we target—as I said earlier—things like the type of insulation, the type of house, the type of installer and things like that. So we still continue all of those normal processes, and that is really why the targeting data is important to us. But if you are concerned in any way, shape or form, you ring up the hotline number and we will put someone in contact with you immediately.

Senator TROETH—You get an inspection done?

Mr Bowles—That is correct.

Senator TROETH—I know this is still skirting around the same topic, but have you done any estimations about how many would be electrified by the installation and how many would simply be dangerous under the Home Insulation Safety Program, as in a break-down of the two separate levels of danger?

Mr Bowles—The first one was electrification issues?

Senator TROETH—Yes—houses that had been electrified as a result of having had foil insulation put in them.

Mr Bowles—That goes to the conversation we had before and why we have used electrical contractors to work with homeowners to make their decision about removal or safety switches. That is really the nature of that particular one. With the non-foil insulation, electrification is not the issue; the issue there is initially around the technical compliance with the terms and conditions, which is what we are using to target our program.

Senator TROETH—So suppliers who had not fulfilled the contract of providing a greater level of insulation than had been there before or something like that.

Mr Bowles—That could be one of the reasons, yes.

Senator TROETH—Can you tell us how many inspections have been carried out?

Mr Bowles—In the non-foil space, I think I said there were around 58,000. I think that is it.

Senator TROETH—What about the foil?

Mr Bowles—Around 40,000. That is split between around 24,000 in the initial program and around 17,000 in the subsequent removal and safety switch program.

Senator TROETH—I suppose it is pointless to ask how many unsatisfactory situations you have uncovered.

Mr Bowles—As I said earlier, the nature of the program was about replacement or switches.

Senator TROETH—Right. As both you and I have said, if there are about 1.2 million installations, how high are you going to take the number of inspections and the number of routine illustrations to inspect for serious risks including house fires? If you are not going to go to the 1.2 million, where are you going to draw the line?

Mr Bowles—The commitment at the moment is to do a minimum of 150,000 and anybody who calls up. We want to make sure that we give people an opportunity to ring us up, as we talked about a little bit before, but there will be a minimum of 150,000. That said, what our targeting approach is trying to confirm for us is: what is that right figure? That is why we are using CSIRO, for instance—to help us with that process to ultimately come up with the right figure.

Dr Parkinson—That is in addition to every single one of the foils.

Mr Bowles—That is correct.

Dr Parkinson—So, in the two programs, 100 per cent of the foil installations are eligible for inspection. Of the about 1.1 million non-foil, we will do at least 150,000—with an emphasis on ‘at least’ because we are driving that with our targeting—plus any where people call up and seek an inspection off their own bat.

Senator TROETH—What is your best estimate of how long it will take before the bulk of those inspections are likely to be completed?

Mr Bowles—As I said this morning or early this afternoon, with the FISP we think it will be around 90 per cent by Christmas. It is hard to say what the definitive number is, and therefore it is a little bit tricky, but we would suggest it would be sometime mid to late next year for the HISP if that is where we go with our targeting strategy. But we will not know until we can confirm all of those issues. That is why I am a little sensitive about targeting, because that is what we need to get to to understand that definitive time.

Senator TROETH—So it will be at least 12 to 18 months after these events occurred. Is that correct?

Mr Bowles—That would probably be about correct, yes.

Senator TROETH—It does seem a long time. That is all I have for the moment.

Senator BOSWELL—Dr Parkinson, you said that you would have someone here to give me some advice on renewable energy if I asked some questions.

Dr Parkinson—There are some people in the waiting room next door.

Senator BOSWELL—I hope I get credit for this time.

Senator McEWEN—I have one question about HIP while we are waiting if that is all right, Senator Boswell.

Senator BOSWELL—Yes.

Dr Parkinson—Senator McEwen, the questions you asked for were about the outlays program, so it is actually Ms Rankin. Sorry.

Senator McEWEN—That is all right.

Senator TROETH—Chair, I did have one more question. Mr Bowles, what is the total cost to the department of the inspections under all programs?

Mr Bowles—In the portfolio budget statement earlier in the year we identified a range of costs for the different programs. The department is currently working with Finance through

our normal additional estimates process that will be sorted out later in the year or early next year for any final costs.

Senator TROETH—Right, so possibly we could ask on the February estimates?

Mr Bowles—Yes, that is correct. Yes, because we will be through the additional estimates process. The figures we are working to at the moment are the ones in the PBS earlier.

Senator TROETH—Thank you. Thank you, Chair.

Senator McEWEN—I have one question—and I apologise if you have already traversed this: can I get update on how we are tracking with the large number of outstanding claims from installers when the program was closed?

Mr Bowles—Are you talking about payments for claims?

Senator McEWEN—Yes.

Mr Bowles—We have made all payments that are outstanding, except those where we suspect there might be noncompliance or fraud related activity. In addition to that there might be a couple where we are struggling with understanding what the form actually says. Some of them are illegible; some of them miss quite critical data and we struggle to get the information off installers. There are a few of those. I do not know the numbers—not many.

If they are non-compliant jobs or if we suspect there is a fraudulent activity, we will suspend payments. We will withhold those until we prove that it is not the case. If that is the case, we pay and we have actually had some of those issues where we have actually looked at non-compliant work. Once we have done the inspection and have looked at everything, we have moved them on and we pay them. But, clearly, if there are fraudulent activities or blatant noncompliance with the terms and conditions of the program we are not going to pay.

Senator McEWEN—So all those that should have been paid have been paid?

Mr Bowles—Pretty much. The only exception I can think of at the moment is any of those where we really cannot understand the form.

Senator McEWEN—What are you doing about that?

Mr Bowles—We try to get in touch with the installer. In some cases we can; in some cases we cannot. As we do, we fix them up and we pay them. If we don't, we try and ultimately we will have to write-off at some stage.

Senator McEWEN—Okay. Thank you very much.

Senator BOSWELL—Ms Rankin, can you tell me how much the department has spent this calendar year on upfront subsidies for domestic solar hot water and solar photovoltaic rebates?

Ms Rankin—I have financial year figures but not calendar year figures. For solar hot water to date in 2010-11, we have spent \$10.98 million. For solar photovoltaic rebates—sorry, they have given that to me by month. In July, \$45.58 million; August, \$36.04 million; September, \$37.56 million; and October to date, \$4.76 million.

Dr Parkinson—That is about \$120 million in 3½ months.

Senator BOSWELL—That is in 3½ months. Have you got the figures for the previous years?

Ms Rankin—Yes, I have the previous years. All up for the Solar Homes and Communities Plan, from 2007-08 to date we have spent \$959 million.

Senator BOSWELL—Thank you. There are a couple of other questions I would like to ask. We have put in \$11 million solar hot water. What is the liquidity from that \$11 million coming into the market from rooftops? Do you think the liquidity will be about right at the end of the year, or are we going to face a further collapse in RET prices?

CHAIR—People are having a problem in trying to understand exactly where you are coming from. Do you have a document that may help?

Senator BOSWELL—No, I do not have a document. Let me see if I can go into it a bit more. Your latest predictions are state of the market at the end of this year. In estimates earlier this year, the department said that the level of liquidity in the market was pretty right and things would work out. In view of how many rooftop photovoltaic cells are going in, do you still think that the liquidity is all right or do you think the price will collapse further.

Mr Comley—The first point is that I think the question you are asking is not related to liquidity per se. Liquidity is a feature of a market in terms of whether buyers or sellers can quickly attain RECs. I think the issue you are referring to—and I am not trying to pre-empt you—is: what is the supply of RECs in the market actually doing to the REC price, and what does that mean for incentives in the renewable industry? As I said previously, the concern that was expressed from a policy perspective was that a large supply of RECs before the segregation of the market into large scale and small scale would have an adverse impact on large-scale investment decisions. As I have answered previously, the policy that has been put in place ensures that, if the stock of RECs at the end of the year exceeds 34.5 million, the renewable energy target for large scale will be increased in equal amounts in 2012 and 2013, which will effectively absorb the additional REC creation in the early year, putting upward pressure on the REC price. We certainly have no evidence to say that that policy is insufficient to achieve those policy objectives in this point in time, noting, as I said before, that we have to draw a distinction between the spot price and the contract price, where the contract price is what is likely to drive the actual investment in large-scale investment and that the contract price, while not observable, needs to take into account the overall tightness of the RET over the next 10, 15 or, indeed, 20 years.

Senator BOSWELL—I will just mention something from the New South Wales sugar industry, which says that surplus RECs for solar as at December are going to be in excess of 30 million. The market has recognised it and the prices are back to \$30 and will stay there until 2013 until the surplus is absorbed. It can be fixed by moving targets forward. Would you comment on that.

Mr Comley—The issue is that—

Senator BOSWELL—These are people who have just almost lost their business because of incorrect assumptions that the REC price will be \$50 or \$60.

Mr Comley—If the RECs banked at the end of the year exceed 34.5 then the target will be tightened in 2012 and 2013 for large scale, and from 1 January 2011 only large-scale RECs and the banked RECs can be used in a large-scale market.

Senator MILNE—Senator Boswell, I think I can help you here.

Senator BOSWELL—I am on the clock and the chairman is going to show no mercy. How many RECs do you believe will be there at the end of this year?

Mr Comley—I do not have an updated estimate.

Senator BOSWELL—At the end of December, which is a calendar year?

Mr Comley—I will take that on notice. I do not have an updated estimate here.

Senator BOSWELL—Origin says it has two to three—or even four—years' worth of RECs. I presume other liability entities will be doing the same. How are you going to get a price that will encourage wind with a RET price of \$50 to \$60 when RECs are down to around \$30 each now? What is going to encourage that? Even if we do get to 2012 when you are going to put a higher price on them, there are still a lot of RECs in there washing around.

Mr Comley—The first thing is again I come back to the point that there is a significant difference between the spot market and the contract market. The contract market is not observable, but the contract market is that which is essentially used to fund long-term projects and will typically reflect the price required to bring the wind into existence.

Senator BOSWELL—When are we going to get there?

Mr Comley—Once the system is separated, which occurs from 1 January 2011, and with the targets ramping significantly up over time, that will draw in the wind and other forms of large-scale generation. Just to put this in context, in 2020, for example, you have an annual target of 41,000 gigawatt hours, which is 41 million RECs. So in a sense in one year, in 2020, you have a demand which is 30 per cent higher than the bank.

Senator BOSWELL—But 2020 is 10 years away. These guys are worried about going broke tomorrow.

Senator MILNE—Chair, can I help Senator Boswell here.

CHAIR—I am not sure that you should be helping from where you are.

Senator BOSWELL—Senator Milne has always been very good at helping me because she can interpret what I am trying to get at most times.

CHAIR—Yeah?

Senator MILNE—We can be collaborative.

CHAIR—This is the new parliament in action, is it?

Senator MILNE—Yes, it is. What I think Senator Boswell is trying to identify is the loophole. The intent of the legislation when we fixed it last year was to cap the number of banked RECs at a maximum of 20 million at the end of 2010. It was agreed that that would provide the correct balance of liquidity and REC price stability. That was basically what we thought we were doing, but the loophole comes around because there is a potential 12- to 18-month gap between when the energy is generated—that is, the solar panel goes on the roof—

and when a valid certificate can be created. As I understand it, at the end of this year about six million certificates will not be included in the 31 December target adjustment that you are talking about and will be available to be used for compliance in future years—and that of itself means that the REC prices will remain consistently below the level necessary to commercialise large-scale renewables. I think that is the issue that Senator Boswell is trying to get at. The loophole is the difference between when the energy is generated and when the certificate can be generated, and that is an 18-month gap. So what are we doing about that? That will go to the heart of Senator Boswell's concern.

CHAIR—Senator Boswell, is that the issue?

Senator BOSWELL—It is one of the issues. Even with that six million that Senator Milne refers to, there are still going to be 30 million floating around out there. Renewable energy people have bought up four years supply of these.

Mr Comley—I think there are actually two issues here. To clear up the confusion between 34½ million and 20 million first, my understanding is the reason that 34½ million was chosen is that the way the REC market works is that there is an annual acquittal of renewable energy certificates and the estimated retirement of those renewable energy certificates in February or March is 14½ million recession. So, effectively, the 34½ million is equivalent to having 20 million outstanding post the acquittal period. Again, using 20 million rather than 34½ million, as the target ramps up, 20 million is actually not a very large proportion of annual targets that are soon coming down the pipeline in the renewable energy target.

The issue of when RECs are generated is a separate issue. RECs have always been generated at a point in time, in these areas where there is deeming, separate from the time the electricity is displaced or dispatched. You will still have the same banked number of RECs, which is around 20 million RECs.

Senator BOSWELL—We have got 17 million RECs so far this year. Four hundred thousand came in between Thursday and today so that takes it up to 11.1 million rooftop solar PV RECs. We are still going to have around 30 or 25 million RECs out there. All the identities have bought RECs up and have enough there. Mr King from Origin Energy has said that he has got enough to keep him going for three to four years. How are you going to get a REC price up with all those RECs out there and no-one buying them?

Mr Comley—The issue is not necessarily what one individual provider has as a bank of RECs—

Senator BOSWELL—But we presume that if he has done it, everyone has done it.

Mr Comley—We cannot presume that because we look at the aggregate numbers in the market and compare that to the targets. That gives us the indication of how many years of RECs supply there are.

Senator BOSWELL—How many are there?

Mr Comley—The intention is that if it is more than 20 million post-acquittal, then the target will be adjusted to take those RECs out of the system in 2012 and 2013. So the stock of bank RECs before the system is segregated will be no more than 20 million after the 2012 and

2013 adjustment process. The annual target this year is 12½ million RECs. I do not have the schedule in front of me but it ramps up quite quickly because you have got—

Senator BOSWELL—That is my point. It is 17 million now—and you said the target is 12 million, didn't you?

Mr Comley—If you look at the REC market over the whole period of the REC, the stock of bank RECs post the time of surrender has always been above 100 per cent of the target. The reason for that, essentially, is because people are anticipating the increased target and the need to have RECs in that period. They actually think it is more valuable to generate RECs now and hold them over in anticipation of the higher REC price. That is what a number of players in the market are doing. There is a genuine question of how forward looking this market is and so how much the future tighter targets will contribute to quickly pull up the REC price from where it currently is. I think there is a genuine question about how forward looking this market is at the moment.

Senator BOSWELL—You recognise it is a genuine question.

Mr Comley—I reckon it is a genuine issue but there are different views expressed to the department about how forward looking this market is. That relates again to the point I started with: there is a difference between the spot market and the contract market. The question partly about how forward looking it is concerns whether there are two markets, a spot market and a contract market, where the spot market is not reflecting the future scarcity of RECs straightaway. I think that there is some evidence that relatively unsophisticated people in the spot market are generating RECs for things like household PV and putting them on the market immediately. There is not currently a potentially significant supply of intermediaries purchasing those with a view to the future RECs scarcity, and I think that is a genuine issue.

If that is true, what is likely to happen is that the REC price would rise more steeply than you would otherwise think as scarcity in that market comes about. That scarcity is going to come about as the target ramps up and the amount of excess cover for the targets decreases. If it is the case that this market is not as forward looking as one would expect, it is actually quite difficult to predict exactly at which point the REC price goes up because you are essentially saying that this market is not operating in as forward-looking a manner as you would expect, which means that the modelled results which assume forward-looking REC pricing behaviour are not the way the market is behaving at the moment. Ultimately, as the scarcity in the REC market driven by the increasing targets kicks in, particularly now that the scheme is segregated so that the small scale does not impact on the large scale, there needs to be the large-scale electricity generation to be able to cover the REC liability in those markets. So the question is a matter of time rather than a question of whether it is going to have to—

Senator BOSWELL—It will be able to adjust itself but is it going to adjust itself in three years or four years or five years? How many do you estimate? How many RECs estimate there will be at the end of this year?

Mr Comley—I will take that on notice. I do not have a revised estimate in front of me.

Senator BOSWELL—I have one more question here. This is on wind abatement. You told us earlier that it is going to be about \$50 a tonne. Have you included the extra generation the peaking power plants will need to make up the independence of the wind? Does it include

connecting wind farms to the grid? Have you done any work that specifically takes these two massive issues into account? Can you tell me what you have measured in your estimate? Have you looked at the expense of backup transmission costs in your abatement of \$50 a tonne?

Mr Comley—My recollection is that the abatement estimates from MMA include the additional grid connectivity of wind. I do not believe—but I can take it on notice—that they include increasing combined cycle gas, because that is not necessarily to generate the amount of electricity. But the overall MMA estimates do include the change in the price of electricity, which would take account of those additional cost factors.

Senator BOSWELL—But it does not include the big peaking power plants?

Mr Comley—I will take it on notice. My understanding is that it takes account of the full impact of the price of electricity. Certainly it takes in the connectivity to the grid. I would have to take on notice the question of the gas peaking.

Senator BOSWELL—When do you think you will get to a position where the REC will be valuable enough to encourage generation of wind?

Mr Comley—Currently quite a lot of the renewable energy target is made up by wind.

Senator BOSWELL—No. It is a very little amount. The target might be made up of wind, but the actual wind RECs for this year are 3.1 million, whereas for solar roofs they are 11 million and for hot water they are 2.6. So wind is coming a very bad last.

Mr Comley—Wind will need to ramp up quite quickly if it is to meet—well, it is against projected; it might turn out the costs are different, but it will take a significant amount of the target over time.

Senator BOSWELL—I understand that, but no-one is going to invest in wind with a REC of \$30, \$40 or \$35 or whatever it is. When do you believe the REC will be high enough to encourage people to invest in wind?

Dr Parkinson—Perhaps I could take the question another way. Mr Comley keeps emphasising the difference between the contract market and the spot market. Given the REC price has to be sufficient to encourage the investment in wind, the price in the contract market for anybody who goes ahead and establishes a wind farm by definition is sufficient to cover the gap. So, when we look at these large-scale wind farms being developed around the country, we are able to say, ‘Yes, they are either there or they are anticipating being there very quickly.’ On the other hand, when we come to the spot market, what we have got is—

Senator BOSWELL—On the contract market, what is going to encourage people going into wind farms when the REC is \$30?

Dr Parkinson—That is the point—the guys in the wind farms, the ones who have already got their wind farms up and running or are building them at the moment, have either written contracts where the price is sufficient to cover the gap or they anticipate getting that very, very shortly. So the spot market is not actually driving those people.

Senator BOSWELL—Sure, they may have got a contract. What is encouraging the people that want to go into wind going in there at \$34 and \$30 a REC?

Mr Comley—What is encouraging them is that they do not anticipate the price to stay at \$34 for the relevant life of the investment.

Senator BOSWELL—I am sure they do not. That is my point—they are putting 3.1 million RECs on the market, which is a very small number compared with the rest of the market, which is growing to nearly 18 million. So who is going to go and put a wind farm up? Sure, the RECs may go up. They may not go up. This is a bone of contention. People cannot see them going up when there are so many RECs washing around in the system.

Mr Comley—And I suppose the point is: we currently have a target of 12½ million RECs for this year—

Senator BOSWELL—Which you have exceeded by—

Dr Parkinson—Senator, there is the difference between the amount of RECs that have to be acquitted in a year and the amount of RECs that can be created in a year. The gap between those two is the number of RECs in that year that are being banked for use in the future. It is the banking of RECs in the past that means that we have more RECs today than we have as a target that have to be acquitted. What we are getting at the moment is more RECs being created now than we have to acquit as well. When we go to the split between the small scale and the large scale, those that are being created out of small activities will no longer be pumping RECs into the market that will drive the large scale. Mr Combet is saying that the way therefore that we deal with whatever overhang we are left with at the end of this year is to take the amount that is over 20 million plus the amount that we have to acquit next year—which is the 14½ million, so the amount that is effectively over the 20 million—and divide that in two, add that to the target in 2012 and 2013 so we sop up all of those. Then all of the small-scale RECs—which you are rightly pointing to as where so many are being created today—go into the SRES where we pay \$40 for them. They are then separated out from the large scale. Anybody who is in the large-scale market has an incentive to be looking at what will happen once that separation has occurred. But that will not drive the spot price today unless somebody like Origin or AGL wants to go into the spot market and sop it all up—just for the sake of doing it themselves rather than letting the whole market do it over the next two years.

Senator BOSWELL—That is exactly what has happened. They have gone in and sopped the cheap prices up. Therefore they will not have to buy RECs for another three or four years, according to Mr King. He has sopped them up. You have got no forces out there to drive the market up, because they have banked them. Mr King has said he has got enough—

Dr Parkinson—Senator, they have had RECs banked all the way through—

Senator BOSWELL—They may have banked them, but they do not need any more. They do not need to buy any more, because they have got enough for two or three years, or even four years. They have bought them.

CHAIR—Senator Boswell, is that a question or a statement?

Senator BOSWELL—It is a statement from Mr King.

Mr Comley—I suppose the point that Dr Parkinson and I am trying to make is that Origin may or may not have adopted that strategy, but other retailers, because the overall store in the

market cannot all have done that or there would have to be more RECs than actually exist, because the targets are ramping up too quickly for all players to have put aside three to four years of supply—

Senator BOSWELL—What do I tell the sugar millers? This is a cooperative, so it is all the individual farmers who have invested in renewable energy, and they say, ‘The surplus RECs for solar at December is going to exceed 30 million, and the market has recognised it and prices are back to \$30 and will stay there until 2013, until the surplus is absorbed.’ So they cannot get a price for their RECs. They need \$50 or \$60. The price is \$30. They are in all sorts of trouble. Am I going to tell them, ‘Don’t worry’—you have told me that it will all be right next week or next month or next year? How do you get them out of trouble?

Mr Comley—The government has never applied a guarantee on the REC price. What we are saying is that, in the large-scale market—and acknowledging that there does seem to be some short-sightedness in the spot market versus the long term—unless it turns out that renewable energy is significantly cheaper than the modelling shows, it is highly likely that the price will rise. The question is when that will occur, and that is something that is very difficult to establish, given the nature of the market and the way it is operating.

Senator BOSWELL—People make assessments on what they are going to do based on government forecasts. The forecast has been that RECs would be considerably higher than this. They go and spend a hundred million dollars and now they find that the REC price has collapsed—and they are not the only ones. There are a number of people in the same boat. The REC price has collapsed; you have tried to fix it up by separation. This will be the third attempt to try to fix it up. They believe it is not going to be fixed up until 2013.

CHAIR—Senator Boswell, do you have any more questions on this?

Senator BOSWELL—I would like to know whether they have any chance of survival.

Dr Parkinson—We cannot talk about the individual circumstances in particular—

Senator BOSWELL—It is an example of what is happening in the market. It is an example of the complete collapse of the REC price. This will be the third attempt that you have made to fix it up. They do not believe that even on the third attempt it is going to work.

Senator MILNE—What is the answer to the loophole? How many 2010 year generation RECs do you expect to be registered in 2011?

Mr Comley—I will take that on notice. I have to follow-up on the issue you are raising. You talk about the generation and that will be taken into account in the target. I will take that on notice.

Senator MILNE—This is one of the reasons why there is a soft price—suddenly there are all these RECs in the system that will not be taken account of at the end of this year. It is December this year that will determine the split and the number of banked RECs. The point is that RECs that are 2010 generation year RECs will not be registered until 2011. I want to know how many million of those there are going to be and what that is going to do to this.

Mr Comley—The reason I am hesitating is that the question in my mind is whether they are registered as large-scale RECs or small-scale RECs, and the implication for whether the target adjustment is adequate. I would like to take some advice on that and provide an answer.

CHAIR—We will now go to questions on commercial buildings and then go to questions on HIP.

Dr Parkinson—Can everyone else go home?

CHAIR—Dr Parkinson, it looks as if we will have questions on programs 1.3 and 1.4. I am not sure that 1.3 is going to be very lengthy, but I have been advised that on HIP there will be at least another 30 minutes from the coalition. I would not think we would get through that by dinner, so you may have to come back after dinner on HIP.

Senator FISHER—That will be hip and groovy!

CHAIR—We are still on program 1.1. Ms Walsh, in the inquiries that I was involved in on the CPRS, the issue of commercial buildings kept coming up. The figure I got was that commercial buildings are responsible for approximately 10 per cent of Australia's greenhouse gas emissions and that that grew by 87 per cent between 1990 and 2006. Is that the most up-to-date figure the department has on the implications of commercial buildings for greenhouse gas emissions?

Ms Walsh—Those numbers sound about right. The Prime Minister's Task Group on Energy Efficiency has some of the latest data in relation to buildings, and if you give me two minutes I will confirm those for you. I refer you to page 141 of the report of the Prime Minister's Task Group on Energy Efficiency, where it says that our estimates are that in the building sector as much as 30 megatonnes of CO2 equivalent in annual abatement could be achieved by 2020.

CHAIR—The COAG National Strategy on Energy Efficiency includes the commercial building area and there are a number of changes proposed to the Building Code. Is that part of your responsibility?

Ms Walsh—Yes, it is.

CHAIR—Can you outline what those changes are.

Ms Walsh—The National Strategy on Energy Efficiency includes a number of measures that relate to commercial buildings. One of those is the Building Energy Efficiency Disclosure Act, which was passed by the parliament this year and under which liabilities commence on 1 November. Also within that strategy are upgrades to the Building Code of Australia, the most recent of which—

Senator Boswell interjecting—

CHAIR—I will not get to ask too many questions. I would like to hear the answer. Senator Boswell, can we keep it down a little bit. Thanks.

Ms Walsh—The most recent upgrade of the Building Code of Australia in relation to commercial buildings was this year, 2010. The implementation of those codes is done by the state and territory governments.

CHAIR—Specifically, as I read the code, there are going to be more changes to the code in the areas of air-conditioning, ventilation and heating systems; lighting types and power controls; hot-water systems; and construction of walls, floors, glazing and ceilings—there is a whole list of areas. Has there been any assessment of the costs and benefits of these changes?

Ms Walsh—There are quite a number of separate measures that would be given effect through the BCA, as you were suggesting, and the electric hot water phase-out is one of those. Each of those measures is subject to a regulatory impact statement which looks at the cost benefit analysis. There is a RIS currently being done on the electric hot water phase-out as it relates to new buildings. As to the other things that you referred to—heating, ventilation and air-conditioning—there is a national strategy being developed for that sector which has a number of more voluntary components to it. Senator, just to clarify: are you wanting me to answer these questions in relation to commercial buildings alone or residential, because there are two different—

CHAIR—Commercial buildings. That is where the major saving will be.

Ms Walsh—In terms of lighting—

Mr McGlynn—Under the Building Code of Australia there are regular updates. In 2010 there were a number of updates to increase the energy efficiency standards for commercial buildings, including in a number of the areas that you have mentioned. Before any changes of a regulatory nature are made to the building code they are subject to a regulatory impact statement process which is undertaken by the Australian Building Codes Board on behalf of the Building Ministers Forum, who make the final decisions on these matters. The costs and benefits of those changes will be in the regulatory impact statement that was prepared for that change.

CHAIR—And you cannot tell me what the regulatory impact statement said?

Mr McGlynn—I do not have that information with me right now. We can take that on notice.

CHAIR—Are you aware of what discussions the department has been having with the industry? Some of these issues may need changes to skills, changes to materials, changes to engineering drawing et cetera. It is quite a complex approach, is it not?

Ms Walsh—It is. We have been having conversations with the relevant industry sector. One of those forums has been through the work on the buildings framework. That is being developed under the National Strategy on Energy Efficiency. A lot of those conversations with relevant industry is occurring under that framework. Having said that, we have regular conversations with representatives of that sector with respect specifically to the Building Code of Australia upgrades.

CHAIR—What about glazing? Do we have a capacity to manufacture any of the glazing or is this an import in terms of new standards on glazing?

Ms Walsh—I do not have the figures to hand as to what proportion of the market is manufactured in Australia but I could get those on notice.

CHAIR—Yes, if you could take that on notice. In relation to glazing, are we talking about double glazing for these energy efficiency approaches in commercial buildings?

Mr McGlynn—There are a number of different technologies, and double glazing is one option. I think it is pursued more commonly in residential than in commercial. There are

different ways of coating the glass or producing the glass in ways that change the efficiency of the glass and the ability to pass energy and heat through the glass.

CHAIR—In terms of the discussions that are taking place, we now have the commercial building disclosure program. Can you take me through how that is operating?

Ms Walsh—The commercial building disclosure legislation that you are referring to was passed by parliament this year. From 1 November, any office space over 2,000 square metres that is sold, leased or subleased is required to disclose the energy rating of that office to a prospective buyer, leaser or sublesser. There are another two elements to the legislation which are going to come into effect in 12 months time. So there is a transition period. There is a lighting component. Lighting is where tenants have the most ability to significant energy efficiency savings in addition to the building shell itself. Some generic information about how upgrades or improvements to energy efficiency might be achieved within a building needs to be disclosed. Within 12 months, at the point of sale, lease or sublease a building and energy efficiency certificate is issued with those three elements attached to it. But for the first 12 months a NABERS rating is sufficient. NABERS is the tool that is used to rate commercial buildings.

CHAIR—In the consultation process there were 41 submissions received. Has there been any ongoing discussions with the submitters on issues that they have raised?

Ms Walsh—Yes, there has, particularly in relation to lighting element that I referred to. There has also been a series of seminars around the country cohosted by the Property Council of Australia talking to interested parties to again talk through some of the issues around liability and ongoing concerns that they can be addressed.

CHAIR—Is it the view that the program can implemented in the timescale that is being proposed, given that we have set out this process of consultation?

Ms Walsh—Yes.

CHAIR—Okay, thanks; any other questions on that?

Senator MILNE—I want to ask in relation to this: what programs, drivers, legislation or regulation have we got to drive energy efficiency in commercial buildings that are not office buildings—hospitals, schools, shopping centres for example—but which are a large percentage of the commercial building market?

Ms Walsh—At the moment the legislation just applies to office space over 2,000 square metres, but the NSEE undertaking is to look at the options of expanding that legislation into other building types after a period of consultation. The other thing is the funding that is provided to the Australian Carbon Trust to work with largely commercial building operators on an innovative finance model largely to bring about improvements in energy efficiency in the current building stock, and the Green Building Fund also provides assistance to owners of commercial buildings to assist them in the upgrades to commercial buildings.

Senator MILNE—But isn't it true that they are not systemic? The grants programs or funding, they will assist a few but we need systemic change and we do not have anything systemic for non-office buildings at this point?

Ms Walsh—For non-office building there is also—

Senator MILNE—Commercial buildings that are not office buildings.

Ms Walsh—Yes. So the other measure that the government announced during the election campaign was the tax breaks for green buildings measure, which will provide some assistance to the commercial building sector. I can go into some more details about that.

Senator MILNE—No, I know about those. The point is though for all those others there isn't anything driving it at the moment and that is a significant problem. Just in relation to something that Senator Cameron asked and that you mentioned in relation to the phase-out of electric hot water. I notice that Tasmania is exempt. Why did the Commonwealth allow that to happen?

Ms Walsh—I do not know that I would use the term 'exempt'. The Tasmanian government made the choice not to participate in that scheme, but it was a choice for the Tasmanian government, as it is for all the other state and territory governments.

Senator MILNE—So what have been the consequences of every state agreeing to phase-out electric hot water except Tasmania?

Ms Walsh—I am not sure that I understand. You question the consequences that electric hot water—

Senator MILNE—'The dumping of all electric hot water cylinders in Tasmania,' is the answer.

Ms Walsh—I do not know if we have seen any patterns of that happening because the phase-out has not commenced in a national sense just yet.

Senator MILNE—It is happening.

Senator FISHER—Chair, I want to return to the Home Insulation Program. In particular, I have some questions about South Australian aspects in respect of insulation installers given that South Australia, as noted again by the Auditor-General, is the only jurisdiction in which there is a requirement—or was a requirement—that insulation installers be licensed under what is called the South Australian Building Work Contractors Act 1995. So, how many South Australian homes had insulation installed under the Home Insulation Program by installers who were not licensed under the South Australian Building Work Contractors Act?

Mr Bowles—I would have to take that on notice. I do not have the specific details of South Australia on me.

Senator FISHER—Can you come back with those details after the dinner break, Mr Bowles?

Mr Bowles—I will see what I can do. Are you asking: how many had installations done in South Australia and how many were done by unlicensed installers?

Senator FISHER—There are two questions essentially. Firstly, how many homes were insulated under the Home Insulation Program. Secondly, how many of those homes insulated under the Home Insulation Program had insulation installed by installers who were not licensed under the South Australian regime—the Building Work Contractors Act 1995?

Mr Bowles—We should be able to get the answer to the first question. I am not quite sure. It might be an issue that we have to deal with South Australia on. I will take it on notice.

CHAIR—Could I just indicate that at seven o'clock we will be moving to the Department of Sustainability, Environment, Water, Population and Communities.

Senator FISHER—Chair, I thought you indicated earlier that we would be coming back to home insulation post the dinner break.

CHAIR—The department is here. Unless it is a very short period, I will be moving to the department of sustainability. How long would you need after dinner?

Senator FISHER—Let's see how we go.

CHAIR—No, it is not 'let us see how we go'. We have been at it since 2.40 pm.

Senator TROETH—The questions that I have relate to the situation under the former department, DEWHA. For some strange reason, I am presupposing that any questions that I ask you about administration of the program under DEWHA will be diverted to DEWHA—is that correct?

Mr Bowles—I would imagine, without understanding what you are going to ask, Senator, that a lot of the issues that were managed under that would have to be asked of the environment department.

Senator FISHER—Haven't they sent all the files to you?

Mr Bowles—As I said, I do not know what the questions are.

Senator TROETH—They relate to the progress of starting the program, some of the departmental failings of it—

Senator FISHER—Essentially, prior to the involvement of this department.

Senator TROETH—Of your department. I assume, as dawned on me some time ago, that you will say that those questions should be directed to DEWHA.

Mr Bowles—If they are about the management of things—

Senator TROETH—Yes, they are.

Mr Bowles—as opposed to the specifics of the program, yes, they would be best asked of DEWHA.

CHAIR—Sorry, Dr Parkinson, as there is a need for you to come back after dinner on this issue we will go for a maximum of 15 minutes after dinner and then we will move to 1.3.

Dr Parkinson—Chair, would it make sense to just go to 6.15 pm?

CHAIR—I have a six o'clock commitment. That is my problem. I would like to do that and normally I would.

Senator FISHER—So, after dinner you will come back on whether you can respond to, firstly, how many South Australian homes were insulated under the Home Insulation Program and, secondly, of those, how many were insulated by persons (a) licensed and (b) not licensed under the South Australian Building Work Contractors Act.

Mr Bowles—I will endeavour to do that. As I indicated I might have to take the second part on notice, but, hopefully, I can answer the first part.

Senator FISHER—Was there any reference to the Office of Consumer and Business Affairs in South Australia administering the relevant act and the relevant licensing requirements? The website still suggests that home owners should not deal with an installer other than one that is licensed under the South Australian laws. Did the department follow that advice in the implementation of the Home Insulation Program?

Mr Bowles—I could not definitively say, Senator, because I was not around at that particular time. What I can tell you, though, is I know I have met with a range of officials from that particular part of the South Australian government and we are happy—and do work quite closely with all states and territories, for that matter, on a range of factors.

Senator FISHER—Yes, but South Australia was the only one that had a licensing regime. All you had to do was go to the OCBA website and click on it to find out if person A was licensed or not. Did the department do that before it admitted an installer, to do work in South Australia, to registration under the Home Insulation Program?

Dr Parkinson—Senator, we took responsibility for this program on 8 March. The program had been closed at that stage. You are asking us what DEWHA may have done. We will endeavour to find out, but Mr Bowles cannot answer that question and I cannot answer that question. We were not involved in the issue.

Mr Bowles—The only thing I can say, Senator, is—

Senator FISHER—We are getting the answers that you would otherwise get, Senator Troeth.

Dr Parkinson—I am sorry, Senator?

Senator FISHER—Totally unhelpful.

Dr Parkinson—Senator, we have been here since 9 o'clock this morning. We have endeavoured to be as helpful as we can. That was not really necessary.

Senator FISHER—It is totally unhelpful in terms of informing this committee. It does not necessary mean that you are the unhelpful. You are simply the mouthpieces that are giving us the information that is not assisting. To where are we supposed to direct these questions?

CHAIR—Senator Fisher, that is not appropriate.

Senator JACINTA COLLINS—Senator Fisher, I would suggest you stop while you are ahead.

CHAIR—Dr Parkinson and his team have been here since 9 o'clock this morning and they have been very cooperative. I do not think you should deal with them like that. It is not fair and it is not reasonable.

Senator FISHER—I hear the officer saying that you cannot answer that question?

Mr Bowles—No, Senator. What I said is I took responsibility for this on 1 March. There are a range of activities that happened prior to that with the program, obviously, that I do not have any personal knowledge of. What I can say, though, is that within the program the choice of installer was that of the homeowner, not the government. So the homeowner chose who the installer was. In one sense, that is the answer. South Australia, as you rightly point out, have a regulatory process, if you like, that means that under their legislation installers should have

been licensed. We are currently dealing with South Australia on issues about their licensing or not and will continue to deal with South Australia, as we will with all states and territories, on a range of regulatory type things. That is what I am responsible for and that is what we are doing.

Senator FISHER—Let us go to what you are doing now with South Australia. Can you expand on that?

Mr Bowles—As I said, I have met with all states and territories and talked about how we can assist them in their processes. Each of the states has different ways that they deal with—

Senator FISHER—Tell me about South Australia, please.

Mr Bowles—I am telling you about how the program operates. South Australia is no different. We are dealing with them all. If we are asked for information on particular companies or individuals, we will be very helpful and work with that state or territory—in your case, in particular, South Australia—and we will provide whatever information we can to assist them in dealing with the issues that they have to deal with. We must remember that the states and territories have their own regulatory frameworks and legislation. We cannot necessarily operate in that space, but we are trying to be very helpful with the states and territories in how they can actually deal with some of the issues that they are facing.

Senator FISHER—Thank you. The South Australian Minister for Consumer Affairs, Minister Gago, told South Australian parliamentary estimates on 12 October that, since July 2009, OCBA, the South Australian Office of Consumer and Business Affairs, has scrutinised 253 insulation installers. Of these, 177 have complied with SA licensing legislation or are applying for a licence and 61 installers are currently under investigation by OCBA. The remaining 15 installers are being scrutinised for possible enforcement action. Is that something that you are discussing with the South Australian government?

Mr Bowles—If the South Australian government ask us for specific information about those installers, we will give that to them.

Senator FISHER—Have they?

Mr Bowles—Yes, we have given information to the South Australian department responsible, as we do with all states and territories.

Senator FISHER—Regarding the figure provided by the South Australian government relating to audits since July 2009, how many of those relate to installers insulating under the Home Insulation Program?

Mr Bowles—I do not know. I would have to take that notice and we would need to understand the specific details. I am not across what happened in the South Australian estimates process.

Senator FISHER—Did the 61 installers being investigated by OCBA in South Australia and the 15 being scrutinised for possible enforcement action, according to South Australian Minister Gago, perform insulation work under the Home Insulation Program?

Mr Bowles—Again, I do not know the specifics of the 61 or the 15 referred to by the South Australian minister. It is likely that some may have been, but it is also likely that they could be from other insulation measures.

Senator FISHER—Will you pursue that with the South Australian government?

Mr Bowles—I will take that on notice.

Senator FISHER—And will you take my earlier question on notice?

Mr Bowles—I can tell you now that there were 38,675 installations in South Australia.

Senator FISHER—And you will attempt to inform me this evening as to how many of those jobs were done by persons licensed as against those done by persons unlicensed under the state licensing laws, right?

Dr Parkinson—I do not think we can do that.

Mr Bowles—I will attempt to, but I do not believe we will have that information. We will have to talk to the South Australian government first. So I will take it on notice.

Dr Parkinson—Just to be clear about why this is the case, it is the householder who chose the installer. We would not, and nor would the South Australian bureau, have been vetting the individual installers. That was a matter for the householders.

Senator FISHER—Earlier answers to questions on notice indicated that 155 installers doing work under the Home Insulation Program in South Australia were deregistered. So, of the original numbers registered under the Home Insulation Program to do work in South Australia, 155 were deregistered. How many of those were not licensed under the South Australian legislation?

Dr Parkinson—You are asking us a series of very detailed—

Senator FISHER—Can you take that on notice?

Dr Parkinson—We can take it on notice, but I am just saying that you are asking a series of very detailed questions which we will have to consult the South Australians on.

Mr Bowles—Also, the South Australian government does not necessarily consult us on all of their regulatory approaches.

Senator FISHER—No, it would appear that the left hand is certainly not talking to the right.

Mr Bowles—That is not a fair representation of what I said. What I just said is that the South Australian government and all states and territories have their own regulatory frameworks and legislation and we do not necessarily get consulted on all those issues.

Senator FISHER—What reassurance can be given to South Australian householders who had their roofs insulated under the program about the standard of safety of their insulation, given that they will not all be getting inspected?

Mr Bowles—We went through that this morning, about our targeting regimes, who does that and how we do that. That is how we are ensuring that a whole lot of things are happening in all states and territories.

Senator FISHER—Okay. I have asked a series of detailed questions. I also asked them, in writing, of Minister Combet during the election. He did not respond. I have since asked them of Parliamentary Secretary Dreyfus. He has not yet responded. Has the department seen my letters to Minister Combet and/or Parliamentary Secretary Dreyfus?

Mr Bowles—I would suggest the department has. Have I personally? No.

Senator FISHER—When might I expect a response?

Dr Parkinson—Senator, you are asking a question that we cannot answer.

CHAIR—You cannot ask the department when a minister will respond.

Senator FISHER—Can you, after the dinner break, indicate whether or not the government has sent my letters to the department for advice?

Mr Bowles—I doubt very much that we will be able to do that after the dinner break. If we take it on notice, we can endeavour to find out for you.

Senator FISHER—Thank you. In South Australia a concern has been aired that as many as a third of the houses that were insulated under the Home Insulation Program—so, a third of 38,000, almost 39,000, houses, on your say-so, Mr Bowles—were insulated by persons not licensed under South Australian law. Could that be correct?

Mr Bowles—I am not quite sure what you are saying. What was that in relation to?

Senator FISHER—That the insulation of a third of the houses that were insulated under the Home Insulation Program was done by installers who were not licensed under South Australian law—that is, they did not comply with South Australian laws. That could be correct, couldn't it? Because you did not include licensing as a prerequisite to registration.

Senator Jacinta Collins—Senator Fisher, could we have the source of that concern, please. That might be helpful to the officers.

Senator FISHER—It is speculation.

Senator JACINTA COLLINS—Speculation by whom?

Senator FISHER—In the press.

Mr Bowles—It is very hard to respond to that, Senator.

Senator FISHER—It could be correct, though. Would you know if it was or was not?

Mr Bowles—Again, I cannot answer on speculation and conjecture out there, I am afraid. Sorry.

Dr Parkinson—And, Senator, as we said a moment ago, it was the decision of the householder as to who they used as an installer. If an installer was not licensed in South Australia and the householder used them, then—

Senator FISHER—Caveat emptor. Consumer beware, huh?

Dr Parkinson—It was the householder's decision.

Mr Bowles—I think that is an extremely important point, Senator. This is a relationship between the—

Senator FISHER—I have heard it several times.

Mr Bowles—Senator, I am trying to be helpful. It is an extremely important point: the relationship is between the householder and the installer. That is a particular issue. I would suggest that South Australia probably had problems with this same issue prior to the program as well. This is not a new issue for South Australia and it is not a new issue for a range of players.

Senator FISHER—I have one more question on this issue.

CHAIR—I am sorry; we do not have time because I have to outline how we are going to proceed and we are just about at knock-off time for dinner. When we come back, we will have 15 minutes on program 1.2 and program 1.4—the coalition will take those 15 minutes—and then there may be five minutes for Senator Milne. So departmental officers in this area will be out of here by 7.20 pm, when we will be starting on the Sustainability, Environment, Water, Population and Communities portfolio. That is where we are at, and I appreciate you coming back after dinner.

Mr Bowles—Chair, can I just add one thing to Senator Fisher's comment there. Under the Home Insulation Program, I mentioned the homeowner and the installer. The other thing under the program is that the terms and conditions explicitly stated that installers needed to comply with state and territory regulations and legislation. So it is not fair to say that it did not happen. It was part of the terms and conditions that installers comply with those. As I said earlier, we are dealing with the South Australian government, when requested, on the activities of some of those installers.

Senator FISHER—Thanks.

CHAIR—Thanks, Mr Bowles. We will suspend for dinner.

Proceedings suspended from 6.00 pm to 7.00 pm

CHAIR—I declare open this session of estimates and as I have indicated—Senator Wong, you were not here—we will be running through till 7.15 pm on questions from the coalition, and then we may have five minutes of questions from the Greens and then we will be closing this session at 7.20 pm—no later.

Senator BIRMINGHAM—I want to just quickly try to sign off on the Home Insulation Program aspects. In particular, I want to get to the bottom of the consultancy costs and those costs surrounding the inspections and clean-ups and so on. I see there are some answers that have come back on notice, but let us try to ascertain whether they are the latest figures available and whether they cover all of the relevant costs for each of the different clean-up aspects of the programs. Firstly, are both the FISP and the HISP covered by the PwC contract?

Mr Bowles—Yes, that is correct.

Senator BIRMINGHAM—PwC is managing them both. I have an answer, No. 31, from the questions on notice saying that as of 10 September 2010 PwC was paid \$9 million, including \$5.6 million for payments to its subcontractors. That was described as being for phase 1. Can you outline—hopefully you have now had time in my preamble—what payments have been made to PwC and what they cover, please.

Mr Bowles—I am just trying to familiarise myself with the question on notice that you are referring to; that is to do with phase 1. As you suggest—I do not think I have a total breakdown of each component as you described it—we are working in the context of the PBS, the portfolio budget statement figures. As I mentioned earlier, we are in the middle of our additional estimates process, which will see us refine and finalise figures for the 2010-11 financial year. As for PwC, they are working with us on FISP in conjunction with UGL, United Group Limited, and on the HISP through a PwC-UGL contract, again, and a PwC-CSR contract. At the moment, the combination of those two—which includes the pass-through costs of the inspections—at this stage is around \$98 million. That is not a payment, as such, to PwC alone. As I said, the pass-through cost is for the inspections through those processes as well.

Senator BIRMINGHAM—All the funds passed through PwC are to pay electricians, inspectors and the whole box and dice—

Mr Bowles—Yes, that is right.

Senator BIRMINGHAM—whether they are inspecting a pink batts or foil roof, removing foil or installing a safety switch—or the administrative costs. That is a lumped together figure of \$98 million.

Mr Bowles—That is correct. As I said, we are working through additional estimates and we still have some contract negotiations around issues—I do not like to get into specifics around numbers, because I like to keep the competitive tension. So \$98 million is where we are at, at the moment, with our contract.

Senator BIRMINGHAM—Stop smirking, Dr Parkinson.

Dr Parkinson—I love competitive tension!

Senator BIRMINGHAM—And the finance minister does too, indeed.

Mr Bowles—Yes, we love competitive tension. So that is a point-in-time figure, and as we go through our additional estimates process, which will obviously be under scrutiny for the February estimates process, we will have a cleaner picture of all of that.

Senator BIRMINGHAM—In terms of the timelines and the parameters we are looking at for this \$98 million, given that we want to keep the competitive tension for future work, this is essentially the cost estimate for the work around these two programs already completed.

Mr Bowles—Already completed, or expected to be completed over the next little while. It will not be the total for all of the programs yet because, again, it is trying to keep that tension in the base.

Senator BIRMINGHAM—And it is not the precise figure that has gone through PwC at present because some of those payments are still outstanding, but within a space of weeks or months or so, broadly speaking, that is the ballpark.

Mr Bowles—When we get to the additional estimates process, we will have a much cleaner understanding of all of the costs. Obviously that will be whenever the February estimates are on. We should be able to give you a breakdown of where we are up to at that

stage. We are obviously in discussions with the Department of Finance and Deregulation and that is a process that is underway; I cannot talk about that.

Senator BIRMINGHAM—Sure. We will pursue that breakdown when we have a bit more time, but at present we will work on, broadly speaking, the current \$98 million cleanup cost. In terms of detail of those payments through PwC to electricians and inspectors and so on, are there transport components to those payments? What is the relationship with the electricians and the inspectors in regard to how they are paid?

Mr Bowles—PwC, through UGL, manage all of those relationships; we do not actually manage that. Is there travel in some of them? In some there will be. In some cases UGL will contract local electricians or electrical contractors from a particular area so that they do the area and it minimises travel. What we are trying to encourage is that network approach, but in some cases in some remote locations they will travel.

Senator BIRMINGHAM—So in some cases they will travel to these remote locations—say, to places where insulation was installed but they cannot manage to find a suitable electrician to do the inspection.

Mr Bowles—We have a process through UGL, who have a range of electrical contractors. We are not going to have contractors in every port in the country, so what they do is get a body of work for these people to do, so in some cases they will travel to the work. In other cases, if there is enough work in a particular location, we have tried to encourage UGL to work into the local networks. But you do have to travel in this country.

Senator BIRMINGHAM—So there are instances where the contractors are being flown to jobs?

Mr Bowles—I cannot definitively say so because it is an issue that is managed by UGL and PwC, but I would hazard a guess that the answer is yes.

Senator BIRMINGHAM—Right. Okay.

Mr Bowles—Again, we are contracting PwC to provide a service and how they deliver that service is their business. They have to make commercial judgments as well.

Senator BIRMINGHAM—From the departmental perspective, are there fixed costs to PwC in what the department is willing to pay? You do not have to tell me what the amount is if that is subject, but are there fixed costs to what the department will pay for an inspection depending on roof size, travel costs and those types of things?

Mr Bowles—Yes. We negotiate contracts for a whole range of different things and, if we think it is not suitable or it is a strange cost for something, we will challenge that. That is part of the contract negotiation process. We have quite a rigorous contract negotiation process where we put them through the wringer, if you like, to make sure we are getting value for money. The normal government process is based on value for money. In the case of some of those local areas, we may not want to engage the tradesmen because they may have done the original install, for instance. We do not want people inspecting their own things, so we will get people to travel. But when we actually negotiate our contracts we go through a list of things that are acceptable and not acceptable. It is just a normal value-for-money process.

Senator BIRMINGHAM—I appreciate that. Of course, without being able to look at examples, it is hard to dig through it as to whether value for money is being met or not. It sounds odd to potentially be flying electricians to different locations to conduct these inspections. There may be a very odd occasion where you cannot, but I would have thought that, generally, you could source electricians to do so. You talk about a body of work for the contract for the electrician. Does that mean that in that PwC relationship with the contractors there are minimum work requirements for each inspector or electrician who is engaged?

Mr Bowles—We obviously do not want to have an open slather approach. We want to have a controlled environment. We train these people; we have them trained; they have to meet certain standards under the contract. So it is not just a matter of them doing one inspection and that is it. We want to make sure they are rigorous in their approach. So, yes, we do actually make sure they have a body of work, because that is what we are paying them for and that is what we are training them for—to do these particular activities.

Senator BIRMINGHAM—I suspect I will follow up with some more questions on notice on this issue, but I want to use the time the chair has generously given me wisely. Have all reimbursement claims for work undertaken by electricians previously been settled or are there still some outstanding?

Mr Bowles—I think about 98½ per cent of them have been settled. Where we have not settled, we are either disputing or there are some issues we are managing with the contractors themselves.

Senator BIRMINGHAM—When you say ‘settled’, that was a 100 per cent reimbursement? Or how does that work?

Mr Bowles—When this initially rolled out, we put out an expected value—sometimes that did bounce around a bit. If we thought they were exorbitant or inaccurate, we would challenge and we would pay what was considered to be an appropriately acquitted invoice. So if someone puts in something for a thousand dollars and the assessment was that it was not worth that, we will talk to the electrician and we will pay the appropriate amount. It averaged out on those inspections at around \$400.

Senator BIRMINGHAM—And that was just for inspections related to foil insulation?

Mr Bowles—That is correct.

Senator BIRMINGHAM—If people had concerns, at the early stages of the revelations surrounding the insulation program, about pink batts or other types of insulation and went and got an electrician to inspect their homes, is there no recourse for them?

Mr Bowles—The process in place for them was to ring the safety hotline and we would arrange an inspection. The non-foil homes are not electrical issues, so therefore it would not necessarily be electricians who needed to go into those homes. So, no, we did not have an electrician based program, if you like, going into—

Senator BIRMINGHAM—Remind me again of the date from which they could ring the hotline and make that request for an inspection.

Mr Bowles—From memory, it was immediately after the closure of the program on 19 February. The hotlines would have all been in existence before that, but specifically around the closure. Closure was the 19th and the capacity to ring hotlines was there.

Senator BIRMINGHAM—And what is the average waiting time for somebody who rings?

Mr Bowles—I would have to take that on notice, but I do not think it is that long these days. The numbers have dropped off quite a bit in recent times. But I could take that on notice.

Senator BIRMINGHAM—Please do that, if you would. I will probably follow up again with a couple of other questions on that issue. Lastly on insulation: have you had discussions with any state governments about the installation of insulation in public housing.

Mr Bowles—Yes, we have.

Senator BIRMINGHAM—Has that occurred in all states?

Mr Bowles—I do not believe it occurred in all states. I think there were two states, from memory.

Senator BIRMINGHAM—Do you have an idea which states they were?

Mr Bowles—I know that one was South Australia and I think the other one was New South Wales, but I would have to take that on notice.

Senator BIRMINGHAM—Do you have an estimate of the number of homes where that appears to have occurred?

Mr Bowles—In the hundreds. Out of a program of 1.2 million, I think we are talking hundreds.

Senator BIRMINGHAM—Obviously it is a clear breach of the guidelines—

Mr Bowles—Yes.

Senator BIRMINGHAM—In this instance, it was potentially a breach by the householder rather than by the contractor—

Mr Bowles—That is correct.

Senator BIRMINGHAM—because they were the ones who had to sign off. Are those properties receiving the same treatment as any other property with respect to inspection and, if it is foil, removal or the like?

Mr Bowles—Yes, anyone who has an installation is treated the same, even though they may have breached the householder or the installer—whichever way that goes. If there is a concern about safety we will inspect.

Senator BIRMINGHAM—So can the South Australian government, who obviously has a duty of care to its tenants, even though its tenants may have put themselves in this position, request inspections for all of its public housing properties?

Mr Bowles—We have been in conversation with the South Australian government about a range of factors, that being one of them.

CHAIR—Senator Birmingham, that is our agreed timeframe being exhausted. That is program 1.2, program 1.3 and program 1.4 completed. There may be questions on notice, Dr Parkinson, in relation to these issues. I now call the officers from the Office of the Renewable Energy Regulator. Any other questions on the Department of Climate Change and Energy Efficiency will have to be placed on notice.

[7.17 pm]

Office of the Renewable Energy Regulator

Senator MILNE—I do not know if you were here earlier in the afternoon when we were discussing what appeared to be a loophole with regards to the renewable energy target, but I will put it to you in case you were not here. I would like to know how many 2010 generation year renewable energy certificates you expect to be registered in 2011.

Mr Livingston—We have not done an estimate of that, but because of the way the small units work, you have 12 months to create your RECs. So there will be some installations installed this year which will be created next year and will not be in the target. We have not done an estimate of that overhang.

Senator MILNE—So you have not done an estimate? You have no idea?

Mr Livingston—We have not done an estimate, no. We will do that at the end of the year and we will work it out then. It is mechanistic in the act.

Senator MILNE—The problem is that at the time the legislation was passed the intention of the RET amendment was to keep the REC surplus to no more than 20 million RECs. That was our clear intention in the Senate when we moved those changes. So what plans do you have to account for the 2010 generation RECs registered late—as in, beyond 31 December—in order to keep the RECs surplus below the 20 million RECs, as was intended in that debate? What do you intend to do about it?

Mr Livingston—We will have to follow the act, as legislated, and the regulations, and if that results in a number larger than 20 million there is nothing we can do about it. We must follow the act.

Senator MILNE—Yes and no. Are you not intending to deal with the issue? The amendments were designed to constrain that surplus to 20 million. There are clearly going to be more than 20 million because at 31 December those RECs from this year will not be registered. Some people are saying it could be more than two and a half million—maybe up to 6 million—RECs. Clearly, that is a big issue for people investing in the sector because it is going to keep the price low and it is an unintended consequence of what we did. I just wanted to know what thinking you have done around it, or are you saying that you have no intention of doing anything?

Mr Comley—I think that what Mr Livingston is saying is that it is a policy matter, so it is a matter for the department and the minister; it is not a matter that the Office of the Renewable Energy Regulator can address, because they have to implement the terms of the legislation.

Mr Livingston—I do not have the power to change it.

Senator MILNE—So you will not be able to do anything; it will have to be a parliamentary decision that informs your thinking in relation to this.

Senator Wong—The regulator implements the legislation. The provision you are referring to, as Mr Comley explained, is a particular discretion of the minister.

Senator MILNE—So I guess the issue for me is: when are we going to address this, because we know it is a problem?

Mr Comley—I do not think there is any particular time frame. As Mr Livingston said, there is not an estimate at the moment of the overhanging—the amount that may be caused by this situation—and therefore it will be a matter for the government when there is better information about that issue.

Senator MILNE—How are we going to get that information? We know it is going to be a problem, so who is going to do the assessment of what the overhang will be?

Mr Comley—It will be a matter for the government and the department is considering that issue.

Senator MILNE—So you are considering that right now?

Mr Comley—Yes.

Senator MILNE—So there will be some assessment of what the overhang will be and then we will hopefully be able to address it in the time frame?

Mr Comley—Then it will be a matter for the government to consider that policy.

Senator MILNE—Sure—I understand that. Thank you.

Senator Wong—I should be clear: I think it is a power, not a discretion. Is that right?

Mr Comley—My understanding is that it is a legislated formula at the moment, so it will require a legislative amendment if a policy decision were taken.

CHAIR—That concludes the examination of the Climate Change and Energy Efficiency portfolio. After a break the committee will commence its examination of the Sustainability, Environment, Water, Population and Communities portfolio. I thank the minister and departmental officers.

[7.27 pm]

**SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND
COMMUNITIES PORTFOLIO**

In Attendance

Senator Conroy, Minister for Broadband, Communications and the Digital Economy

Department of Sustainability, Environment, Water, Population and Communities

Executive

Dr Paul Grimes, Acting Secretary

Mr Peter Burnett, Acting Deputy Secretary

Dr James Horne, Deputy Secretary

Mr Mark Tucker, Deputy Secretary

Mr Malcolm Thompson, Deputy Secretary

Approvals and Wildlife Division

Ms Mary Colreavy, Acting First Assistant Secretary

Ms Deb Callister, Acting Assistant Secretary, Wildlife Branch

Dr Kathryn Collins, Assistant Secretary, Business Systems and Governance Branch

Ms Carolyn Cameron, Assistant Secretary, Strategic Approvals and Legislation Branch

Ms Vicki Middleton, Assistant Secretary, Environment Assessment Branch 1

Ms Michelle Wicks, Assistant Secretary, Environment Assessment Branch 3

Ms Rose Webb, Assistant Secretary, Compliance and Enforcement Branch

Australian Government Land and Coasts

Mr Mark Flanigan, First Assistant Secretary

Mr Bruce Edwards, Assistant Secretary, Indigenous Policy Branch

Dr Charlie Zammit, Assistant Secretary, Biodiversity and Conservation Branch

Dr Paul Salmond, Assistant Secretary, Policy and People Branch

Ms Claire Howlett, Assistant Secretary, Finance and Aquatics Branch

Business Improvement Division

Ms Cathy Skippington, First Assistant Secretary

Corporate Strategies Division

Mr Arthur Diakos, First Assistant Secretary

Environment Quality Division

Dr Diana Wright, First Assistant Secretary

Heritage Division

Mr James Shevlin, First Assistant Secretary

Ms Ilse Wurst, Acting Assistant Secretary, Historic Heritage Branch

Ms Jenny Carter, Acting Assistant Secretary, International Heritage and Policy Branch

Mr Paul Murphy, Assistant Secretary, Natural and Indigenous Heritage Branch

Housing Division

Mr Chris Lamont, Group Manager, First Assistant Secretary

Information Management Division

Mr John Gunn, First Assistant Secretary

Mr Geoff Richardson, Assistant Secretary, Environment Research and Information Branch

Mr Al Blake, Acting Chief Information Officer

Marine Division

Mr Stephen Oxley, First Assistant Secretary

Ms Donna Petrachenko, First Assistant Secretary, Whale Conservation

Ms Lara Musgrave, Assistant Secretary, Tropical Marine Conservation Branch

Mr Charlton Clark, Assistant Secretary, Temperate Marine Conservation Branch

Mr Nigel Routh, Assistant Secretary, Marine Biodiversity Policy Branch

Ms Christine Schweizer, Assistant Secretary, Marine Initiatives Branch

Parks Australia Division

Ms Judy West, Acting Director of National Parks

Policy and Communications Division

Mr Sean Sullivan, First Assistant Secretary

Ms Rachel Parry, Assistant Secretary, Communications and Ministerial Services Branch

Mr Andrew McNee, Assistant Secretary, Strategic Advice Branch

Population Division

Ms Luise McCulloch, General Manager, First Assistant Secretary, Sustainable Population Strategy Taskforce

Supervising Scientist Division

Mr Alan Hughes, Supervising Scientist

Water Efficiency Division

Ms Mary Harwood, First Assistant Secretary

Mr Colin Mues, Assistant Secretary, Water Recovery Branch

Mr Richard McLoughlin, Assistant Secretary, Irrigation Efficiency Northern Branch

Ms Suzy Nethercott-Watson, Assistant Secretary, Irrigation Efficiency Southern Branch

Mr Nick Rayns, Assistant Secretary, Basin Communities and On-Farm Branch

Water Governance Division

Mr Ian Robinson, First Assistant Secretary

Ms Gayle Milnes, Assistant Secretary, Environmental Water Branch

Mr Craig Bradley, Acting Assistant Secretary, Urban Water Security Branch

Mr Mark Kwiatkowski, Assistant Secretary, Project Management and Governance Branch

Water Reform Division

Mr Tony Slatyer, First Assistant Secretary

Mr Russell James, Assistant Secretary, Water Resources Branch

Ms Tanya Cvijanovic, Assistant Secretary, Aquatic Systems Health Branch

Mr Karl Higgins, Director, National Water Market System Project, National Water Market System Branch

Bureau of Meteorology

Dr Greg Ayers, Director of Meteorology

Dr Rob Vertessy, Deputy Director, Water

Mr Alan Vallance, Deputy Director, Corporate

Dr Ray Canterford, Deputy Director, Services

Mr Trevor Plowman, Chief Financial Officer

Great Barrier Reef Marine Park Authority

Dr Russell Reichelt, Chairman

Ms Margaret Johnson, General Manager, Communication and Policy Coordination Branch

Mr Bruce Elliot, General Manager, Corporate Services Branch

Murray Darling Basin Authority

Mr Rob Freeman, Chief Executive

Mr Frank Nicholas, Executive Director, Corporate Services

Mr Fraser MacLeod, Executive Director, Basin Plan

Mr Geoff Habermeld, Executive Director, Engagement, Secretariat and Communications

Ms Jody Swirepik, Executive Director, Natural Resource Management

Mr David Dreverman, Executive Director, River Murray

Ms Liz Dann, Executive Director, Special Projects

National Water Commission

Mr James Cameron, Acting Chief Executive Officer

Ms Kerry Olsson, General Manager, Assessment and Policy Coordination Group

Mr Matt Kendall, General Manager, Sustainable Water Management Group

Mr Will Fargher, General Manager, Water Markets and Efficiency Group

CHAIR—The committee will now begin its examination of the Sustainability, Environment, Water, Population and Communities portfolio. Before I do the rest of this formal address, I indicate that the Bureau of Meteorology is not required. These are supplementary budget estimates, and the agencies heard during these estimates are only those which have been nominated by various senators. The committee has set this Friday, 22 October 2010 as the date by which senators must submit written questions on notice to the secretariat. The committee has also set Friday, 3 December 2010 as the date by which agencies must return answers to questions on notice. Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. Officers and senators are familiar with the rules of the Senate governing estimates hearings. If you need assistance, the secretariat has copies of the rules. I particularly 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, which I now incorporate in *Hansard*.

The extract read as follows—

Order of the Senate—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:

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- (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.

(Agreed to 13 May 2009.)

(Extract, Journals of the Senate, 13 May 2009, p.1941)

CHAIR—I welcome Senator the Hon. Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon. Tony Burke; and portfolio officers. Minister, would you like to make an opening statement?

Senator Conroy—No, thanks.

CHAIR—Dr Grimes?

Dr Grimes—Yes, I would like to make an opening statement. As senators may be aware, the secretary of the department, Robyn Kruk, is currently on extended leave and is having treatment for a serious health matter. I will be acting as secretary of the department until further notice. I am sure all senators will join me in wishing Ms Kruk a full and speedy recovery.

As committee members would be aware, following the outcome of the recent election, the department's roles and responsibilities have changes. We are now the Department of Sustainability, Environment, Water, Population and Communities, or SEWPC for short. Arts and culture related functions, including the National Portrait Gallery, arts and culture divisions and related portfolio agencies, have been transferred to the Department of the Prime Minister and Cabinet. Questions related to these functions should now be asked of PM&C.

We welcome the addition of new functions to the portfolio, including the Sustainable Population Strategy Taskforce from the Treasury, and housing affordability programs from the Department of Families, Housing, Communication Services and Indigenous Affairs. It is anticipated that all functional movements will be in place by the end of November. As the new population and housing functions have not been integrated into the outcomes structure of the portfolio, may I suggest that any questions in relation to the new functions should be asked in general questions of the department—that is, at the start of the hearing—and we will endeavour to answer those questions for you. Thank you, chair.

CHAIR—Thank you, Dr Grimes. Could I on behalf of all senators wish Ms Kruk well in overcoming her illness. Before continuing, the committee notes there are four questions still outstanding from the budget estimates round last May. I will call agencies in accordance with the circulated program and now invite general questions of the department.

Senator IAN MACDONALD—Can I just repeat the committee's good wishes to the secretary and we do hope she has a very speedy recovery. Mr Chairman, the Bureau of Meteorology is not being called by arrangement but I wonder if I could, by leave of the committee, table a response by Cardinal Pell to the response by the Bureau of Meteorology to his article in the *Australian*. Just by way of putting that in perspective, Cardinal Pell wrote an article which I submitted to the Bureau of Meteorology at an estimates—I think it was the last one—and asked them to critique Cardinal Pell's work, which they did and gave it to me as an answer to a question on notice. I sent that to Cardinal Pell and invited him to respond, which he did. I then asked Cardinal Pell if he would like me to try to have his response tables in *Hansard* and I seek to do that now. I have shown Cardinal Pell's response to the chair and other committee members.

CHAIR—Are there any objections to the tabling?

Senator CONROY—What was the substance of the article?

Senator IAN MACDONALD—It was about climate change.

CHAIR—Senator Milne would like to have a look at the response.

Senator IAN MACDONALD—Yes. I should have had copies. I was uncertain whether to do this now or to try to do it in the chamber but I thought this was probably the appropriate

place seeing that it came up here. While that is happening, perhaps I could just ask a couple of questions of a general nature.

CHAIR—Yes, sure.

Senator IAN MACDONALD—What does the National Environmental Research Program now sit? I understand that it used to be with what I will loosely call the environment department. Is it still here or is it somewhere else?

Dr Grimes—Mr Tucker can give you a good overview of that program as it operates at the moment.

Mr Tucker—Yes, it still sits within this department.

Senator IAN MACDONALD—This is the program that deals with MTSRF?

Mr Tucker—Yes, that is correct.

Senator IAN MACDONALD—So it still is here?

Mr Tucker—Yes, that is correct.

Senator IAN MACDONALD—We come on to that later in the program, do we, because I will have some specific questions about that.

Mr Tucker—We can do it later on in the program. The officers are here.

Senator IAN MACDONALD—Where would it come in normally?

Dr Grimes—We would be happy to handle that in general questions, if that is suitable for you.

Mr Tucker—It is either now or 1.2. It is up to the committee and the chairman.

Senator IAN MACDONALD—If the committee is happy enough to do it now—

ACTING CHAIR (Senator Fisher)—Any objection? In the absence of Senator Cameron, I am chair in the meanwhile.

Senator MILNE—I just have a couple of questions about employment numbers that I want to get to, but so long as it does not taken too long, Senator Macdonald.

Senator IAN MACDONALD—I am happy to come to it later, if there are other general questions. The other general question I have is what are the budget arrangements when this sort of thing happens in mid-financial year? Do you get the funding transferred across from the other departments which you have 'stolen' from for policy matters.

Dr Grimes—Yes, as part of the machinery of government changes there always has to be a process the departments go through to reconcile accounts and determine which funds would pass between departments, so a reallocation of funding for departments. There also have to be decisions made about assets—which assets transfer across, and also staff as well. That process typically takes a couple of months to be completed. It is the reason why in my opening statement I referred to the fact that some of those functions that transfer will not be completed until November.

Senator IAN MACDONALD—So how do we know who has got the money or what money you can spend or what happens with the money?

Dr Grimes—We will report those figures and amounts in our portfolio additional estimates statements in a few months time, so you will get a full accounting of our finances for the year in those statements.

Senator IAN MACDONALD—Dr Grimes, where did you come from—have you been in the department?

Dr Grimes—I am seconded to the department at this stage as Acting Secretary. I am an officer of the Department of the Prime Minister and Cabinet.

Senator IAN MACDONALD—Have you worked in this general area in PM&C?

Dr Grimes—I have worked in a number of related areas in PM&C and other central agencies in the past. My role in PM&C prior to this was as Associate Secretary (Domestic Policy), which is a job that covers a number of policy areas including some of the areas that are within the scope of this portfolio.

Senator IAN MACDONALD—You were not involved in the home insulation fiasco, I hope?

Dr Grimes—No, I was not involved in the delivery of those programs. Obviously I was involved through central agencies, but not within the Department of the Prime Minister and Cabinet, where the primary carriage of those matters is handled by the Office of the Coordinator General.

Senator IAN MACDONALD—That is all I have of a general nature.

ACTING CHAIR (Senator Fisher)—Given that this is new to us, at the very least, and to you I think as well, at what point should we ask questions firstly about affordable housing, and also population?

Dr Grimes—Those questions are probably best handled under general questions, because we have not allocated them to our outcome structure at this stage. We have officers who are available to assist you with questions in those areas.

Senator IAN MACDONALD—Just one other thing, before we go to Senator Milne: what does ‘communities’ mean in the title?

Dr Grimes—The ‘communities’ reflects the overall focus of the portfolio on sustainability, sustainability taking in the notions of economic sustainability, social sustainability and obviously, of core interest to us, environmental sustainability. It is a notion of developing communities which are sustainable over time. We recognise full well that our work in this area is going to have to be well joined up with other departments. Obviously we are not going to take over the functions of a range of other departments that have significant interest in communities, but we will have a role in bringing together the work that is done both within our own departments and by those departments relating to overall sustainability policies.

Senator IAN MACDONALD—So you call the department ‘Sustainability’ but also ‘Environment, Water, Population and Communities’, with ‘Communities’ at the end. If it is about sustainability, why isn’t it covered under the sustainability title?

Dr Grimes—I do not think there is a particular reason for the order of the names in the department's title. 'Communities' could appear elsewhere in the title; I do not think you should read a particular strong message into where 'communities' are in the title. My previous answer was intended to cover what our role would be in communities, and it is very much focused on broader sustainability issues and how they relate to communities.

Senator IAN MACDONALD—In the state sphere, communities refers to regional communities—or it does in Queensland. Would I ask questions about regional communities in this portfolio—

Dr Grimes—Or indeed urban communities. In fact, one of the key points of focus for us is going to be around sustainable urban communities. As I alluded to before, we recognise that many of the things that we do in this area necessarily will be drawing on programs and work done by other departments. If you are asking very specific regional program questions, they would be more appropriately directed towards the regional development department, for example.

Senator IAN MACDONALD—So is this government's program, whatever it is called—back in the Keating days it was a program called Better Cities—yours? There is a current program.

Dr Grimes—There is a program within the Department of Infrastructure and Transport. I will ask Mr Thompson to provide you with a little more feedback on how we see cities fitting into our overall work.

Mr Thompson—There are currents crossing across a range of functions within the department which relate to cities, including population, communities and urban environment. The administrative arrangements order which was recently signed off by the Governor-General includes those things, as well as housing affordability for this department.

The notion of communities is manifest in a range of those functions. In particular, there are some programs that are coming to the department from the Department of Families, Housing, Community Services and Indigenous Affairs in relation to housing affordability. One of those is the Housing Affordability Fund, which looks to promote developments in cities to encourage affordable housing. There is also, of course, the Building Better Regional Cities program, which was announced during the election campaign. So there are connections between cities and housing, and also population and communities. But as Dr Grimes has said there is a cities unit within the Department of Infrastructure and Transport as well, which has responsibility for policy in relation to cities.

Senator FISHER—You needed to include the 'communities' in your title, otherwise the acronym would be SEWP, and we couldn't have that, could we?

CHAIR—Certainly, no.

Senator MILNE—Dr Grimes, you would be aware that there have been two Auditor-General reports recently into the Home Insulation Program and the Green Loans Program which highlight severe lapses in governance in the department, which highlight a failure of the senior executive service in the department in overseeing those programs and which show a lack of compliance with procurement and grants procedures—virtually every procedure. One

of the most serious criticisms in it was that the department did not brief the minister in a timely manner and deliberately withheld information from the minister that rightfully should have been at the minister's disposal.

I would like to ask you who has taken responsibility for the failure in governance in the department? Who has taken responsibility for failing to brief the minister in a timely manner and for deliberately withholding information from the minister?

Dr Grimes—The department takes responsibility for a number of the shortcomings that were identified by the Auditor-General. You may have noted that on the release of both of those reports we issued statements providing our response to the reports. Our approach has been to acknowledge the shortcomings in systems and processes within the department. We have been very open about that. We have worked very constructively with the Auditor-General; indeed, we were very open with the Auditor-General in the conduct of those audits.

The approach we have taken is one of working carefully with the Auditor-General, recognising the problems, taking actions to address those problems. We have instituted a business improvement program within the department which is looking at all aspects of our systems and processes. We do take the findings of the Auditor-General very seriously indeed. The Auditor-General did not make specific further recommendations in his reports because he had recognised that the department was already taking a number of actions and that the approach of the department had been one of recognising the problems and getting on and finding ways of solving those problems.

Senator MILNE—I appreciate that, and I have read the department's response to the Auditor-General's reports and clearly the department is responsible. The question is: who is taking responsibility for that failure in the department? You cannot just have a whole department being blamed for a failure in the senior executive service to oversee programs et cetera, and you cannot just blame individuals in those programs for the maladministration of those programs. There are two issues: one issue is people who may or may not have broken the law in relation to areas they were looking over, and the other issue is the general matter of governance and appropriate processes and procedures in the department, which is not criminal but which is a governance issue. So I am asking you: who is taking responsibility for what has occurred in the department, other than just to say the department or the government takes responsibility?

Dr Grimes—The senior executive of the department quite clearly has taken responsibility. It actually sees it as its responsibility to be accountable for any of the shortcomings within the department, and also accountable and responsible for taking actions in response to the finding of the Auditor-General, and that would include a number of individuals within the senior executive service.

Senator MILNE—Okay, so in relation to that, you mentioned before the transfer of assets and various other staff and so on to the new department who will be managing that. What about the liability as a result of the failures in governance if, for example, some of the green loans assessors take action against the government, the department, for maladministration as identified by the Auditor-General? It does not seem reasonable to me that the department of

climate change will have to fund that liability out of its budget when the fault lies with your department.

Dr Grimes—We all work for the Australian Public Service, and there is frequently machinery of government changes where functions move between departments. That is not a new thing; it is a longstanding thing. And with movements of functions, the department that is taking on responsibility for those functions is then accountable for managing them, including managing the tale of liabilities. That will also be true for this department where we are going to be inheriting programs around housing affordability and so forth. It will be our job to get on and manage those programs. If there are any matters relating to the period before the programs came to us, it will be our responsibility to manage those.

Senator MILNE—I understand that, but the issue here is this could be a very substantial financial liability that the department will now inherit because of a failure of this department in governance. It is a little bit different to the liabilities that you are referring to. You say the senior executive service takes responsibility for what has happened. How many of those have remained in the same positions they were in prior to the Auditor-General's report?

Dr Grimes—I am not aware of any being in the same position, but clearly I may need to check with my colleagues just to confirm that that is correct.

Senator MILNE—And while you are doing that, if you can just tell me how many people were employed in the department in this section on energy efficiency and related programs, how many actual positions, and how many of those positions have now been transferred to the department of climate change.

Dr Grimes—We would probably have to check to see if we could get that information for you this evening.

Senator MILNE—Thank you. And can you tell me if there are any current or former employees who are being investigated for breaches of the law in relation to either of those programs—the insulation program or the Green Loans Program.

Mr Thompson—On that last issue, as I think we have answered in other contexts, the staff who were involved in those programs for the most part transferred to the Department of Climate Change and Energy Efficiency when the machinery of government change occurred in March this year. The new Department of Climate Change and Energy Efficiency then became responsible for any action in relation to staff on those programs. So to answer your question: for staff in this department, no, there is no action that I am aware of that is outstanding.

Senator MILNE—Finally, did any staff have their employment terminated as a result of their engagement in those programs or the Auditor-General's investigations or any investigations in relation to energy efficiency programs?

Mr Thompson—I am not aware of any, but it is a question for the Department of Climate Change and Energy Efficiency.

Senator MILNE—But you will be able to provide me with the numbers of how many were employed before and how many were transferred across?

Mr Thompson—That is a historical question and I think we should be able to provide you with rough numbers.

Senator MILNE—Thank you.

Senator BIRMINGHAM—I would like to know if staff who continue to reside in this department have faced any disciplinary action or otherwise in relation to either of these programs.

Dr Grimes—I think Mr Thompson indicated that he was not aware of any. If, on checking, we find that there needs to be an update to that answer, we will provide it to you this evening. But Mr Thompson has advised that he is not aware of any.

Mr Thompson—That is my understanding.

Dr Grimes—I am not aware of any either.

Mr Thompson—That is not to say that there have not been any staff movements in that time.

Senator BIRMINGHAM—I guess it is not your place to say, Mr Thompson, although, if such proceedings had taken place in the other department, I would be surprised if you were not aware of them. But I suppose it is inappropriate for us to ask you what might have happened in the other department, even though you probably are aware of what has transpired because I imagine you would have been interviewed or consulted in such processes.

Mr Thompson—Potentially, but I think even then my understanding would be limited because, as you may recall, my involvement in the other department was limited to other energy efficiency programs, not home insulation programs, so there were a range of changes.

CHAIR—Are there more questions? Senator Back.

Senator BACK—I think affordable housing is now coming under your remit, Dr Grimes. I am just wondering if it is appropriate to ask some questions about the national rental assistance scheme or is that better directed elsewhere?

Dr Grimes—The National Rental Affordability Scheme? Yes, it would be appropriate to ask us questions on that matter.

Senator BACK—Could you give me some idea of what the budget is for the department this year towards that NRAS.

Dr Grimes—I might refer you to Mr Chris Lamont, who is the division manager who has responsibility for these matters.

Mr Lamont—In terms of this financial year?

Senator BACK—The current financial year.

Mr Lamont—In terms of the NRAS budget, we are talking about \$57.6 million for 2010-11. That is split between two departments: the Department of Families, Housing, Community Services and Indigenous Affairs with \$28.1 million and an offset payment from the Australian Taxation Office of \$29.6 million.

Senator BACK—Can you give me some idea of the eligibility. Presumably this is allocated to developers of multiple housing units. Is that how the system works?

Mr Lamont—It is available to NGOs and for-profit housing organisations that offer dwellings at 20 per cent below the prevailing market rate for that housing to eligible tenants. Eligible tenants are determined by way of their income profile.

Senator BACK—And what about the eligibility of the NGOs and the for-profit housing organisations?

Mr Lamont—They are treated as the same. The essential criterion is that they need to provide the housing at 20 per cent below the market rent.

Senator BACK—It is my understanding then that, as you say, there is a 20 per cent reduction off the market price for rental to tenants who are successful.

Mr Lamont—That is correct.

Senator BACK—Could you tell me how the funds are allocated. Are they allocated in some form of a round, with time limits et cetera?

Mr Lamont—There have been three rounds to date for the NRAS. We are currently in round 4, which expires in December. Effectively, we have proponents who go through an assessment process at both the state and territory and the federal government levels to determine the number of incentives that will be offered based on their individual proposals for each round.

Senator BACK—You mentioned that round 4 expires in December. When did round 3 expire?

Mr Lamont—I believe that was August-September.

Senator BACK—By expiring, can you explain whether that means they have to have the dwellings constructed?

Mr Lamont—No, that is the time frame for them to get proposals through the state, territory and Commonwealth governments.

Senator BACK—Is there some provision for those end dates to be delayed to be run out in consideration of any number of issues?

Mr Lamont—The delivery dates can be amended in accordance with the NRAS regulations, so it provides the provisions for a six-month extension should construction be delayed or development applications be suspended for whatever reason.

Senator BACK—So, beyond that expiry date for, presumably, the application process, is there then a further expiry for the approval process and for construction?

Mr Lamont—The Commonwealth does not get involved in the approval process. That is purely at a local and state government level. The issues will be that a proponent may seek an extension to the operation of the scheme—that is, when payment is made—based on a delay. As it currently stands, the NRAS regulations provide for six months extensions on a needs basis.

Senator BACK—Can you tell me: are the funds fully committed? Are developers, NGOs and for-profits actually swamping the system with applications, or is it underfunded in its objectives?

Mr Lamont—Very strong applications. The issues primarily to date, though, have been affected by the global financial crisis, the availability of credit for new developments, and also development application processes in some proposals seem to have taken longer than was originally expected.

Mr Thompson—In terms of this financial year's expenditure, though, it is too early to say whether we are undershooting—they are still around to close in December, as we indicated.

Senator BACK—In terms of availability of credit, is it then the responsibility of the NGO and the for-profit organisation to attract the investment?

Mr Lamont—That is correct.

Senator BACK—The program itself has no role or involvement. Can you give us some advice: is it institutional investors, is it self-managed superannuation fund trustees? Who are the sorts of people who are investing?

Mr Lamont—It is a mix of funding sources—institutional, mum and dad, managed funds et cetera. The issues of finance are strictly the responsibility of the proponents, or the investor. The Commonwealth makes an incentive payment or an incentive tax reduction based on those dwellings being available for the prescribed tenant at the 20 per cent below market rate.

Senator BACK—This is my final question—thanks for your indulgence, Chair. With regard to the conditions of operation of the scheme, who actually administers the scheme? For example, I will come back to these terms of expiry. A question was put to me recently by a developer who I think has already developed some 1,000 of these, or at least has applications in and approved. Can you give me some advice in the event of them not being able to meet, for example, their September deadline for round 3? You mention a six-month extension. To whom would they appeal for the provision of a further extension beyond the six months?

Mr Thompson—I will clarify. I think there is a difference there between the closing of a round, which is when it is issued, and the sorts of extensions that Chris Lamont was talking about in terms of a proponent already having been made an offer or having attracted a benefit under the scheme. If they are having trouble finalising or finishing their development in time, they can seek an extension in that context. So there is not an extension to the funding round; there is an extension later. To whom would they appeal that extension request?

Mr Lamont—They would initially need to come through to this new department, and we would review based on their capacity to deliver. Obviously, with round 4 still open, we expect that we would have the capacity to deliver more than 42,000 dwellings on account of that round in terms of the proposals received to date. The issue would be that we would need to get an indication around the actual time frame, revised, for the construction of those dwellings.

Senator McEWEN—I have one question on NRAS as well, with regard to how it is playing out in South Australia. Is the South Australian government assisting with the rollout of NRAS with a financial contribution?

Mr Lamont—Yes. The South Australian government just announced its intention to support round 4. It has also heavily subscribed to NRAS dwellings to date, exceeding what would have been a per capita contribution for the NRAS program.

Senator McEWEN—Do you know how much the state government of South Australia is contributing?

Mr Lamont—I would not have the dollar figure in front of me. I could tell you the supported dwellings, though. The incentives accepted as at July 2010 were 1,300. That is from rounds 1 to 3; we have not calculated the ones for round 4. The intention, as I understand it, would be that round 4 will be the per capita contribution that would otherwise be expected from South Australia, so that would take it well over the 3,000 incentives mark.

Senator McEWEN—Thank you very much for that.

Senator FISHER—In the budget it was announced that \$1.3 million had been allocated to the development of a sustainable population policy. How much of that dough has been expended, and on what?

Dr Grimes—That would be a matter that we are working on with the Treasury at this moment. You are quite right: the amount that has been expended to the date of formal transfer will be with the Treasury, and typically we would receive the balance amount. I might see if Mr Diakos is in any position to provide you with an update, but it may still be under consideration. We will just see whether it is still under consideration with Treasury or whether we have close to a final number.

Senator FISHER—So you will come back shortly on that?

Dr Grimes—If we can, yes.

Senator FISHER—Thank you. What about the staffing allocation for development of the strategy? What is that?

Mr Thompson—The population function, which was previously with Minister Burke as Minister for Sustainable Population attached to the Treasury portfolio, was being run by a small task force within the Treasury. Around five of those individuals who were working in the Treasury will be allocated to the department to help with population as we take that ahead.

Senator FISHER—So five of the original Treasury team are relocating to this department to work on the development of sustainable population strategy.

Mr Thompson—That is right.

Senator FISHER—Were any of the previously Treasury staff who were working on sustainable population lost due to the relocation—the shifting from one department to the other?

Mr Thompson—There were some. The population task force within Treasury included Treasury seconded officers—seconded from within Treasury itself—and officers seconded from other departments, including the Department of Infrastructure and Transport and the Department of Immigration and Citizenship. Some of those officers had come to the end of their cycle of term in that job anyway, so a couple of them returned to their home departments, and some of the seconded Treasury officers also took the opportunity to return to their line divisions. We will be supplementing the five Treasury staff who are joining us not only with staff from within the department of sustainability but also with some secondments from other departments as well, we hope.

Senator FISHER—Are those temporary secondments? I guess secondments are temporary by definition.

Mr Thompson—There is a mixture of arrangements. Of the Treasury folk, there is one individual who will be joining us permanently. There are others who are joining us on a short-term secondment basis.

Senator FISHER—Can you—perhaps on notice—provide the committee with information on where the staff are from and the nature of their appointment to your department to work on this strategy.

Mr Thompson—Sure. We might be able to answer that straight up. Luise McCulloch is head of the task force, so I might ask her.

Ms McCulloch—The task force was only ever staffed by temporary people, because it was only funded for 12 months, so the secondments are of a temporary nature simply because the task was a 12-month task. I myself am being seconded over, and there are four other staff who are being seconded on a temporary basis. One person who was originally from the environment department is returning permanently.

Senator FISHER—Thank you.

Dr Grimes—Senator, I have an update on the question you asked about numbers. I cannot give you final numbers, because these are matters that are still under consideration between the departments, but our expectation is the funding to be transferred to us will be in the order of \$900,000. It is still being worked through with Treasury at the moment.

Senator FISHER—So none of it has been expended at this stage?

Dr Grimes—No, there have been moneys expended. The funding allocation was \$1¼ million, rounding up in the budget papers to \$1.3 million. Of that roughly \$300,000 has been spent to date but, as I say, these are numbers that have not yet been finally agreed with Treasury as part of the transfers.

Senator FISHER—Of the \$300,000 or so that has been expended so far, can you provide a breakdown on what that money has been expended?

Dr Grimes—That question would have to be referred to Treasury. That is spending by Treasury prior to the machinery-of-government changes.

Senator FISHER—I understand; thank you. With the new advisory panels—or they were new when the minister announced them to assist in development of the strategy back in July—has the membership of the panels changed since the minister's announcement on 15 July?

Mr Thompson—There has been one small change.

Ms McCulloch—Since the announcement in July, Professor Piggott has joined one of the panels.

Senator FISHER—In lieu of another person?

Ms McCulloch—No, in addition.

Senator FISHER—Professor Piggott from?

Ms McCulloch—I can't remember off the top of my head.

Senator FISHER—Sorry, Ms McCulloch, you might let us know.

Mr Thompson—I think he is from the University of New South Wales.

Senator FISHER—How many times have each of the three panels met, either face to face or by teleconference, since 15 July? What can you tell us about that?

Ms McCulloch—The panels met for the first time post-election last week.

Senator FISHER—In a combined meeting or in three separate meetings?

Mr Thompson—No, the panels met separately.

Senator FISHER—What was the purpose, location and duration of those meetings?

Mr Thompson—There were two meetings in Sydney. That was one of the panels chaired by Heather Ridout and another panel chaired by Bob Carr. Then there was one meeting in Adelaide, and that was the panel chaired by Professor Graeme Hugo. Each of the meetings went for two to three hours—but more at the three-hour end, I think. The purpose of the meetings was to initiate their work and to scope out how they intended to meet the minister's request of them to identify issues in relation to population in Australia and a sustainable population strategy for Australia.

Senator FISHER—Did they successfully bring to fruition those outcomes?

Mr Thompson—As a first meeting I think they were successful meetings. That is my opinion.

Senator FISHER—Is there any public information as a result of those meetings?

Mr Thompson—No, not at this stage.

Senator FISHER—Will there be at any stage?

Mr Thompson—The panels are meeting privately, as you would understand, so they can have an open and full discussion about the issues that they want to get on the table and identify for the minister. But the minister has also made very clear to each of the panels that he sees their role as part of the conversation around population in Australia. Therefore the panel members themselves are at liberty to talk to others and gauge issues and seek views.

Senator FISHER—Has the minister attended any of the first panel meetings?

Mr Thompson—Not yet, no—sorry, to answer factually, he did not attend the first set of panel meetings. There is an intention for him to attend a future meeting.

Senator FISHER—Thank you. What is the exchange of information or seeking of views between business organisations? Have any business organisations approached the minister to feed in their views about the development of sustainable population policy; and, if so, which ones and how is that being managed?

Mr Thompson—The minister meets with a range of stakeholders on a regular basis, Senator, so I cannot give you chapter and verse on that. But it is clear that the advisory panels have been established to give them a broad representation of interests within the business

community and non-government organisations, environmental groups, the community, academics et cetera.

Senator FISHER—Has the nature of those approaches been ad hoc?

Mr Thompson—The minister, since he has been in that role and since population has been part of this portfolio, has arranged a number of meetings. I guess, in a way, it has been ad hoc, but I do not determine the minister's diary.

Senator FISHER—Whether it is the minister or through the department on behalf of the government, what do you envisage by way of seeking input from, for example, the business community in terms of the development of sustainable population policy?

Mr Thompson—The advisory panels are part of the first phase of the government developing its thinking around the issues which need to be identified as part of a sustainable population strategy. I think it is on the public record that the government envisages a wider consultation and public consultation process around a sustainable population strategy.

Senator FISHER—Does that mean there will be consultation with business groups outside those on the advisory panels?

Mr Thompson—No. What I am saying is that there will be a phase in the development of the strategy where the government will seek a wider range of views, including from the business community and others.

Senator FISHER—What about organisations like the National Housing Supply Council, Infrastructure Australia and the Major Cities Unit?

Mr Thompson—They are all government or affiliated entities.

Senator FISHER—Yes.

Mr Thompson—To give an example, already the advisory panels are looking to have a number of representatives of government institutions come and talk to them about their agendas. A couple on that list that you just mentioned are in frame for that.

Senator FISHER—Which couple are they?

Mr Thompson—From recollection, I think there is an interest in Infrastructure Australia coming to speak. That would include the Major Cities Unit, which I think is either part of Infrastructure Australia or part of the Department of Infrastructure and Transport.

Senator FISHER—Where would an organisation like the National Housing Supply Council fit?

Mr Thompson—That is a council that exists within the minister's portfolio, so we are still to work through with the advisory panels who they want to talk to. But, as a matter of course, we would be talking to the supply council about the sorts of issues that are being developed in the population strategy.

Senator FISHER—So you have not thus far but you expect that you will be.

Mr Thompson—Similarly, it is because housing and that agency is part of the minister's portfolio.

Senator FISHER—All right. Thank you.

CHAIR (Senator Cameron)—I now call on officers from the department in relation to outcome 2, program 2.1: reduction and management of wastes, hazardous substances, pollutants, ozone depleting substances and synthetic greenhouse gases.

Senator IAN MACDONALD—I seek leave to incorporate Cardinal Pell's response.

CHAIR—Senator Macdonald, I am advised that it is more appropriate to adopt all of the documents in one hit at the end of the hearing. I propose to do that; there may be other documents.

Senator IAN MACDONALD—Will that then be incorporated in the *Hansard*?

CHAIR—So you want the document actually incorporated in the *Hansard*?

Senator IAN MACDONALD—Yes. The original material and the answer from the department were incorporated and, in fairness, I want to incorporate this as a response.

CHAIR—I am advised that if the document is tabled it becomes a public document.

Senator IAN MACDONALD—Is it incorporated in *Hansard*?

CHAIR—That is a different question. We have to seek support for incorporation.

Senator IAN MACDONALD—That is what I sought support for earlier. Chair, if it is too difficult, I will do it in the chamber, but I thought that seeing it was part of the estimates process it might easier to do it here.

CHAIR—Is it the wish of the committee that the document be incorporated in the transcript of evidence? There being no objection, it is so ordered.

The document read as follows—

Polding Centre

133 Liverpool Street Sydney NSW 2000

8 July 2010

Senator the Honourable Ian Macdonald

Shadow Parliamentary Secretary for Northern and Remote Australia

Parliament House

CANBERRA ACT 2600

Dear Senator Macdonald,

Thank you for your letter received here on 16 April 2010, concerning the questions you put to the Bureau of Meteorology at a Senate Estimates committee hearing in February about an article I wrote on climate change and published in the *Sunday Telegraph* on 7 February.

Please accept my apologies for the long delay in responding to your interesting and encouraging letter. I am not surprised that the Bureau has acknowledged the veracity of most of the factual statements set out in my article, but I am pleased that it has done so.

I note however that the Bureau takes issue with my claims that temperatures were higher in Roman times and the Middle Ages; and that carbon dioxide levels were higher in most of history than they are today and follow temperature rises rather than cause them. I appreciate your offer to incorporate my response to the Bureau's comments into Hansard and offer these few lines for that purpose.

1. Temperatures (cf. Answer 7):

Professor Ian Plimer, in his book *Heaven and Earth: Global Warming the Missing Science* (Connorcourt, 2009) summarises and cites the scientific evidence from pollen studies, drill cores and lake sediments to show that temperatures were 2 to 6°C warmer around the world in the period from 250BC to 450AD (the Roman Warming). Records left by those who lived at the time report citrus trees and grapes being grown in England as far north as Hadrian's Wall, and olive groves on the Rhine. It was wetter and warmer, but sea levels were also lower. Areas which are now either forests (because it is cooler) or deserts (because it is drier—for example, the Roman provinces of North Africa) were growing crops (pp. 59-60).

Professor Plimer (at pp. 63-72) also summarises and cites scientific evidence which contradicts the Bureau's claim that temperatures in "recent decades have been warmer than those of the Middle Ages". Tree rings, boreholes, sediment cores from oceans and flood plains, pollen studies, peat bogs, ice cores, fossils and carbon chemistry show that temperatures were warmer throughout the world during the period 900-1300AD than they are now, by 1-2.5°C in different places. The amount of land used for agriculture increased and extended to areas which today are too cold to support farming. In Greenland, cattle and sheep were run and crops like barley were grown. Grapevines were grown in Newfoundland, and vineyards in Germany were grown up to 780 metres above sea level, 220 metres higher than the maximum altitude for growing grapes today. Tree lines in the mountains were higher, with roots and stumps in the Polar Urals suggesting the tree line there was 30 metres higher in 1000AD than it is today. The North Atlantic was free of ice, allowing the Vikings to travel to North America, and the Baltic Sea supported tropical and sub-tropical marine plankton.

Far from leading to the disasters regularly predicted by some today, warmer temperatures and higher rainfall during the Medieval Warming enabled societies and economic life to flourish. In Europe it saw the growth of cities, the establishment of universities, and a boom in cathedral building. It was during this period that the temples of Angkor Wat were built. China's population doubled in the course of a century and records from China and Japan also indicate that they experienced warmer temperatures during this period. The Medieval Warming was also good for the environment, with higher levels of water in lakes and rivers and greater diversity in forests. The forests of Ontario are still not as diverse and productive today as they were during the Medieval Warming, because of the effects of the Little Ice Age (1280-1850).

I have read of a meta-analysis of scientific articles on the Medieval Warming Period which found the majority supporting the conclusion that the Medieval Warming was a widespread phenomenon and produced temperatures which were higher than today. However, at the time of writing, I have not been able to source this meta-analysis.

2. Carbon dioxide (Cf. Answers 5, 6, 8 81.9)

In its answers on carbon dioxide, the Bureau claims that levels of CO₂ are higher today than at any point in the last 800,000 years (although it concedes that levels were 10 to 20 times higher up to 350 millions years ago - Answer 8), that the increase in carbon dioxide has been caused by "the burning of fossil fuels and land use change", and that the increase in CO₂ levels "is responsible for most of the warming observed since the mid 20th century" (Answer 6).

The Bureau refers to the data used by the IPPC, based on ice cores, which shows that carbon dioxide levels have risen by 38 per cent since 1750. But this ice core data reflects hardly any of the irregular variation of data on carbon dioxide in the air. Ernst-Georg Beck (In "180 Years of Atmospheric CO₂ Gas Analysis by Chemical Methods", *Energy and Environment* 18:2 2007, pp. 259-82) has summarised "more than 90,000 accurate chemical analyses" of carbon dioxide in the air since 1812. He argues that

the chemical data shows much greater fluctuations of CO₂ levels, with high levels occurring in 1825, 1857 and 1942, when carbon dioxide levels were more than 400ppm (compared to 386ppm in 2009).

The fluctuations of carbon dioxide in the atmosphere demonstrated by chemical analyses cast strong doubt on the IPCC's assumption that the level of CO₂ in 1750 (less than 280ppm) represents a pre-industrial equilibrium which modern society has destroyed. This is a questionable assumption. Nature is not static but dynamic, non-linear and chaotic (as Professor Plimer has observed). Beck also takes issue, as many others have, with the rigour of the IPCC's work, pointing out that on atmospheric CO₂ it "only examined about 10 per cent of the available literature" and claimed "that only 1 per cent of all previous data could be viewed as accurate".

The Bureau highlights the role of climate model simulations in establishing "the link between CO₂ increase and warming". Climate modelling has become a very slender reed to rely on. Emeritus Professor Garth Paltridge, an atmospheric physicist, a member of the Australian Academy of Science, and former Chief Research Scientist with the CSIRO Division of Atmospheric Research, has pointed out that "climate modelling cannot really be described as robust" because it takes very little "fiddling with the individual feedback representations to give temperature rises covering the whole range from much less than 1 degree Celsius to infinity and beyond". This is one major reason why it is not possible to claim "that the science is settled" (*The Climate Caper*, Connorcourt 2009, p. 28).

There are other good reasons for doubting that carbon dioxide causes warmer temperatures. The main greenhouse gas is water vapour, which accounts for 98 per cent of the greenhouse effect (I note in passing that in the Bureau's remarks on carbon dioxide and temperature feedback in Answer 9, the role of water vapour is omitted). In contrast, carbon dioxide derived from human activities such as burning fossil fuels accounts for a mere 0.1 per cent of the greenhouse effect. While there is a deal that remains unknown about the quantities of carbon dioxide which are released naturally from the earth (for example, from submarine volcanoes), CO₂ from all sources, together with nitrogen, methane and other gases contribute only 2 per cent of the greenhouse effect. While there is a correlation between increases in CO₂ and rising temperatures between 1976 and 1998, there was often no correlation at other times in the twentieth century. For example, temperatures fell during the increased industrial activity of the post World War II boom despite increased emissions of carbon dioxide from burnt fossil fuel, and temperature rises from 1850 owe more to the end of the Little Ice Age than to fossil fuels (Plimer p. 423-25 & 448).

Finally, I am happy to stand by my claim that increases in carbon dioxide tend to follow rises in temperature, not cause them. Work on ice cores from Antarctica has shown that rises in CO₂ levels follow rises in temperature, sometimes by as much as 200 to 800 years later. This makes sense, since warmer weather accelerates the release of carbon dioxide through increased weathering and the melting of ice (Plimer pp. 226-28, 424-25 & 448).

Thank you again for the opportunity to respond to the Bureau of Meteorology's responses to your questions about my article. I would be happy to continue the discussion and to answer any further queries you might have.

With every good wish,

Yours sincerely,

ARCHBISHOP OF SYDNEY

Senator FISHER—I have some questions about the Environment Protection and Heritage Council and the ban of so-called single-use plastic bags in South Australia in particular. Is the Environment Protection and Heritage Council undertaking or commissioning any review into the success or otherwise of the South Australian plastic bag ban?

Dr Wright—The Environment Protection and Heritage Council has not commissioned any such review. I recall that there was a report by the South Australia minister to a previous Environment Protection and Heritage Council on how their ban was going, but no formal additional work has been commissioned by the council.

Senator FISHER—From recollection, I think that report talked about targets being met but failed to demonstrate that the environment was benefiting overall.

Dr Wright—I am afraid I do not recall.

Senator FISHER—Fair enough. If there is no research or monitoring being done then there is no empirical data, for example, as to how many so-called reusable plastic bags have been produced to be used in lieu of the bags that are now banned.

Dr Wright—Are you asking for data from South Australia specifically?

Senator FISHER—My question, which you have answered, was about the council. Do you know of any work at all being done?

Dr Grimes—Senator, you are referring to a program that is a South Australian program.

Senator FISHER—Yes.

Dr Grimes—We will see what we can do to help you but there may be real limitations to what we can do for a program that is a South Australian government program.

Senator FISHER—Thank you; understood. Was the South Australia situation, or indeed the proposition that other states might consider something similar, discussed at July's Environment Protection and Heritage Council meeting?

Dr Grimes—I am not sure that it is appropriate for us to be providing commentary on matters considered by a body that is not a wholly Commonwealth body.

Senator FISHER—Right.

Senator BIRMINGHAM—This has certainly been a matter on the agenda of EPHC.

Senator FISHER—Yes, indeed, but it did not feature in the communique.

Senator BIRMINGHAM—I think it may have been one of Minister Garrett's ambitions at some stage to potentially phase out—

Senator FISHER—It was, Senator Birmingham. It was to get a national proposition up, but it did not happen.

Dr Wright—Plastic bags were formally considered by the Environment Protection and Heritage Council in April 2008. At the time a decision regulation impact statement was on, introducing a plastic bag levy was considered and at that time EPHC decided not to proceed because there was not a net community benefit demonstrated by introducing a levy. Since that time, the work that EPHC has commissioned on plastic bags has been associated with standards for biodegradable plastic bags. Two standards have been released: one commercial composting and one domestic composting. These are being used by South Australia to implement their legislation so the standard is actually being referred to. EPHC has considered plastic bags. It has not progressed because there is no net community benefit.

Senator FISHER—Sorry, a levy.

Dr Wright—In April 2008 there was a decision regulation impact statement considered by EPHC that is in the public domain that looked at various levels of application of a national levy to each plastic bag. From memory, the levels range from 5c to 25c per plastic bag. None of the options that were considered in the regulation impact statement delivered a net community benefit; they were quite expensive. I might have the figures here if you want them.

Senator FISHER—If you could provide those on notice. I am happy with them being provided on notice or now. Was work done at the same time to compare any potential benefits of a levy, which you have said would not have any net benefit, with alleged benefits of a ban?

Dr Wright—That I cannot recall, Senator. The regulation impact assessment found that a levy of 10c would cost the economy \$449 million whereas a 25c levy reduces the cost to \$276 million.

Senator FISHER—But the bottom line was no net benefit?

Dr Wright—That is the cost. It would deliver a cost, not a benefit.

Senator FISHER—You referred to EPHC's work in Australian standards for biodegradable plastic bags. What work does EPHC do to make sure those standards are being met? You mentioned two different sorts of bag.

Dr Wright—The standards are Australian standards so it is up to jurisdictions and others as to whether they wish to adopt those standards. It is not a regulatory requirement to adopt them but they can be made a requirement. South Australia has required the standard on biodegradable plastic in commercial compost, which is Australian standard 4736, to be applied as part of its plastic bag legislation.

Senator FISHER—In South Australia, after the ban was imposed on so-called single-use plastic bags, many retailers offered to shoppers so-called 'Goody' bags as alternatives. I understand those bags purport to be compostable. Is that an example?

Dr Wright—That is an example that has been investigated by the ACCC.

Senator FISHER—Yes, that is what I was getting to. Can you tell me about that?

Dr Wright—I cannot tell you any more about the ACCC investigation, only that they have looked into Goody's claims under the part of the Trade Practices Act about false and misleading conduct in relation to their bags being biodegradable.

Senator FISHER—Okay, thank you.

CHAIR—We now move to outcome 1, the conservation and protection of Australia's terrestrial and marine biodiversity and ecosystems. The senator who has questions on this topic is tied up in another committee. He will be here later, so we will call the Supervising Scientist Division and the Great Barrier Reef Marine Park Authority after we have dealt with National Parks.

Senator SIEWERT—At the last estimates we had a discussion about the cuts to the Caring for our Country program area and whether this would impact on the National Reserve System. I think we did not quite resolve it.

Mr Tucker—The Caring for our Country component is for our colleagues from the land and coast division.

Senator SIEWERT—I realise this cuts across other issues which I will come back to under Caring for our Country, but this is specifically about National Parks. First, is there any more detail on the cuts that were made, the \$80 million that came out of the program, and how that impacted on the NRS program?

Mr Flanigan—There has been no change since the last estimates. The ministerial board has not convened to make particular divisions on the nominal allocations of the total budget from the five appropriations across the different parts of Caring for our Country.

Senator SIEWERT—I know I am skating on thin ice, but when is that decision likely to be made?

Mr Flanigan—Unfortunately I cannot give a definitive date for that. We do not have a firm date for the next ministerial board meeting. Making the arrangements for that has obviously been complicated by the extended caretaker period, changing ministers and trying to put in place our new arrangements, so I really cannot even give an indication as to when that might be likely.

Senator SIEWERT—I will come back to the next business plan under program 1.1. How much of the existing funds that were allocated to the NRS in the last financial period has already been allocated? Was all the money that was allocated to the NRS program for the last financial year expended? I am just interested in the money that was allocated to the NRS and whether that was expended in the last financial year.

Ms West—Are you asking about just the National Parks part of that or the total NRS?

Senator SIEWERT—Can you give me all or should I ask about that elsewhere?

Mr Flanigan—The 2009-10 expenses under the NRS component of Caring for our Country totalled \$46.7 million in 2009-10. That figure was made by rounding up \$7.8 million for Indigenous Protected Areas and almost \$39 million for the NRS.

Senator SIEWERT—Was there any unspent in 2009-10?

Mr Flanigan—Sorry, I do not have the 2009-10 figure.

Senator SIEWERT—Could you take on notice how much remains unspent. My next obvious question is if there is money remaining unspent, does that roll over to the next year of the NRS or does it get reallocated somewhere else?

Mr Flanigan—We will take that on notice.

Senator SIEWERT—You cannot tell me?

Mr Flanigan—The intention would be for it to roll over. The reason I hesitate in the answer, Senator, is the complication in the way projects are funded over multiple years. Often, with something like the NRS, funds will be committed into the future years of the program in one single decision. For example, the Indigenous Protected Area would be given funding to work on the development of the Indigenous Protected Area and the management of those things over a number of years. It is not really a simple, straightforward matter of the individual year's funding.

Senator SIEWERT—I understand your point but, when you are budgeting, surely you incorporate into the forward estimates how much of that program you can spend?

Mr Flanigan—That is right. What we try to do is keep an eye across all of the elements of the targets within Caring for our Country and, depending on the quality of the projects coming in, adjust the funding as we go. But generally, within a nominal budget for something like the NRS, we would be attempting to make sure the funds are spent on the NRS commitment.

Senator SIEWERT—Could you still take on notice how much remains unspent and break it down into whether it then rolls over to the next year, whether it is then spent on something else within NRS or whether it goes off to something else. Will you be able to take that on notice?

Mr Flanigan—Yes.

Senator SIEWERT—If I recall correctly, Minister Garrett allocated around \$180 million additional funding to NRS under Caring for our Country. There was a significant increase in NRS funding through Caring for our Country. Is that correct?

Ms West—Yes, that is correct..

Senator SIEWERT—Has that all been spent or is it for the term of the Caring for our Country program?

Mr Flanigan—If I understand the question correctly, it is for the term of the Caring for our Country program.

Senator SIEWERT—I hope I am not going over old ground here. Is that additional \$180 million quarantined from the decision that was made in the budget to cut the \$80 million?

Mr Flanigan—No. The savings of \$81 million fall across the entire Caring for our Country program. The minister will still have to make a decision and that will depend on both a board decision and the quality and number of projects that we have against the various commitments in the program. With the magic of Blackberries I can now answer your earlier questions. There are no unspent NRS funds for 2009-10 so the question of rolling over does not arise.

Senator SIEWERT—That leads to my next question. Were there properties identified for purchase that you were unable to fund because you ran out of money? I am aware that I am asking a complicated question because we have been through the way the contracts are organised.

Ms West—Certainly the competitive process was over-subscribed so there are some that we have not been able to process. I can not nominate what they are right now.

Senator SIEWERT—Were those properties assessed and judged to be of value but were not able to be purchased because you ran out of funds?

Ms West—I believe that is the case.

Senator SIEWERT—Can you tell me about how much?

Ms West—No I cannot tell you that right now, I am sorry. I do not have those numbers.

Senator SIEWERT—Are you able to tell me if you take it on notice?

Ms West—Yes we should be able to do that.

Senator SIEWERT—It would be appreciated, thank you.

Mr Flanigan—I might add some additional information to that. In the early days of Caring for our Country, the NRS projects went entirely through the competitive bid process. We are constantly re-tuning the program based on the feedback we get. One of the difficulties with something like NRS is that it depends on having, in a large measure, people prepared to sell a property into the NRS. We no longer rely entirely on the competitive process for that. What we have is a series of negotiations underway at any one time. Some move fast, some move slow, depending on a whole range of issues. A lot of those projects that may not have been picked up in one of the earlier years would have rolled into the negotiation to see whether or not suitable properties to meet the criteria of the NRS become available.

Senator SIEWERT—I just want to go very quickly to the administration of the NRS money. Is it proposed that the delivery of the program into the future is going to remain the way it is at the moment? As I understand it at the moment, the process is slightly separate from the rest of the Caring for our Country process. Is that likely to continue?

Mr Flanigan—It is in that vein, as I was just explaining, that there is the need to identify properties that meet the criteria and then negotiate with the property owners and the sellers. I think the expectation is that it will continue on that footing. That business model, if you like, does raise issues for us meeting the target and so, as I understand it, the people in National Parks division who are responsible for the acquisitions are looking at other ways of engaging to try and increase the pool of available properties. They are looking at things like more regional approaches, that type of thing. Other than that, essentially at this stage we are looking at retaining the current settings.

Senator SIEWERT—When you say more regional approaches, do you mean working with regional based organisations?

Mr Flanigan—The detail of how that would shape up is still very fluid, but working with regional organisations, working with states, working with other people to identify multiple properties in a region that could be suitable for acquisition rather than the current process which is largely dominated by trying to find somebody who wants to sell a property in a particular place.

Senator SIEWERT—Thank you. I have some questions on Christmas Island, because we could not do National Parks without doing Christmas Island. That is all for the NRS program. I have some questions that I will be asking the Regional Australia section next door, but I am wondering how much the department engages with the rehabilitation process in terms of the mine sites on Christmas Island and how much you have been engaging recently in the rehabilitation process on the mine sites.

Ms West—Parks undertakes all of the rehabilitation to the sites on Christmas Island.

Senator SIEWERT—The point I am coming to is that now that the decision has finally been made on the areas that the company was applying to expand, is it proposed that those areas will be rehabilitated?

Ms West—Do you mean the sites which are not going to be mined again?

Senator SIEWERT—Yes. The proposal was up for mining. It has now finally been determined—and I put on record that it is a decision I support the government in making. Will those areas now be rehabilitated? What is the process from here?

Ms West—We will gradually rehabilitate some of those sites. It is a fairly slow process but, yes, they will be rehabilitated over time.

Senator SIEWERT—Yes, I understand it is a slow process. Is it determined by the amount of money that is available partly for rehabilitation?

Ms West—Partly, but also just the resources and physical factors. We have to grow something like 30,000 plants a year and we need the teams to get them out in the ground and the seasons we can do it in. Obviously we have to do the earthworks part of the exercise in the dry season ready for the planting, and the planting has to be done over a period of time. And then there are the number of years that they have to be maintained, the weed control and fertilising for five to seven years. So a lot of resources are committed over time.

Senator SIEWERT—In terms of the expert committee and the next process of management planning, where are they up to now?

Ms West—Do you mean the management plan for the park?

Senator SIEWERT—Can you tell me what the management plan is up to, and also where the expert group is up to?

Ms West—The expert working group—taking that first, Senator—has largely been disbanded, because they had delivered their final report. We are preparing a whole-of-government response to the final report right now. Many of the recommendations in the report have already been responded to.

Senator SIEWERT—When is the whole-of-government response due?

Ms West—We do not have a deadline for it actually, but obviously we are trying to get it done within the next month. As for the management plan for Christmas Island and Pulu Keeling National Park, for Christmas Island the management plan is now with the legal officers who are checking that and we are hoping that it will be available for public comment early in the New Year.

CHAIR—As there are no further questions, I now call officers from the Great Barrier Reef Marine Park Authority.

[8.43 pm]

Great Barrier Reef Marine Park Authority

CHAIR—Good evening all. Senator Ludlam will start off the questions.

Senator LUDLAM—Thanks for sticking around. I gather we have juggled the schedule, so that is appreciated. Can you tell us the role of the authority in Operation Talisman Saber 2011, if any?

Dr Reichelt—The Great Barrier Reef Marine Park Authority plays a role along with a number of other departments in Talisman Saber. We have joint functions with the Department of Defence. We collaborate with the Department of Sustainability, Environment, Water,

Population and Communities, and also Queensland Parks and Wildlife Service. Under part 5.2 of the Great Barrier Reef Marine Park Zoning Plan, the Department of Defence is required to notify the authority of their activities and we may provide directions depending on our evaluation. The defence department is required to prepare a public environment report to assess and mitigate any environmental issues and we must be consulted and provide directions as appropriate. That is the broad overview. That is where we sit.

Senator LUDLAM—So let us get to some specifics. So you do collaborate with DOD and the Department of Sustainability, Environment, Water, Population and Communities—the department of everything. So it would not be so unusual for your staff to share a stall with military representatives on the open day in Rockhampton, for example?

Dr Reichelt—No, that would be quite a normal thing.

Senator LUDLAM—Is it the case that the authority distributed copies of the TS2009 public environment report and other materials related to this massive joint military exercise within your domain of the marine park including show bags with balloons?

Dr Reichelt—I am not aware of what sort of materials were involved at that function.

Senator LUDLAM—I can understand and actually wholeheartedly approve of the authority being right in the middle of preparations for exercises like this in the area of the marine park, but I do not understand why you would have crossed the line, if indeed you have, to promotion of joint military exercises with the United States with show bags and balloons. That seems to me to be crossing the line from regulator to promoter.

Dr Reichelt—I am not aware of us promoting the exercise. We do cooperate closely with the Defence department so I am not aware of the bags you are talking about. We do our own assessment of their public environment report, as I mentioned earlier,—

Senator LUDLAM—That is what I wholeheartedly approve of.

Dr Reichelt—but I am not aware of the function you are referring to.

Senator LUDLAM—Are you able to take that on notice and provide us with the show bag, if such a thing existed? I am referring specifically to the TS2009 open day in Rockhampton, so that might give you some point of reference to start with. I would have thought that promotion is actually a conflict of interest with your core objective of protection of the marine park.

Dr Reichelt—I will look into it and inform you of what that involvement was. Our involvement is as a reviewer of their material and directions for ensuring the environmental safety of the marine park.

Senator LUDLAM—Which I think is appropriate, so let us turn to that. What role do you have in monitoring and assessing the impacts of these exercises? I think they are the largest that are undertaken in Australia at any given time. They occur every two years and it is a huge deployment of American air, sea and land forces and armour and all sorts of other stuff, including live fire exercises and so on. When the war games are actually occurring, what role does the authority play in monitoring and assessing those impacts?

Dr Reichelt—I am aware we attend the initial briefings of all the offices and countries involved at the outset. We are involved in, as I said, assessing their environmental impact and public environment report. We have a number of staff in the field in Shoalwater Bay during the exercise who attend the daily briefings and visit various parts where they are able to visit, given that it is a military exercise.

Senator LUDLAM—Can you provide us with some material on notice, anything at all about the activities of those offices, in particular the ones who were on site at the time?

Dr Reichelt—Yes, I can.

Senator LUDLAM—According to the environment post exercise report, which is dated January of this year, on page 33 it says, ‘There were no significant environmental impacts reported during TS09.’ Did the authority truly detect no impact from live firing, mine countermeasures and antisubmarine warfare and so on? Do your people actually go back into the area after the exercises and evaluate the impacts directly, or not?

Dr Reichelt—To my knowledge my staff do not personally conduct those but they do oversee and review the Defence department’s pre and post exercise surveys, beach strandings and things that they are able to analyse before and after the event. They are involved to that level, not in terms of personal field survey.

Senator LUDLAM—You are reviewing or proofreading the material that the Department of Defence produces.

Dr Reichelt—Reviewing not proofreading.

Senator LUDLAM—What would the authority deem a significant environmental impact, and have there ever been any as a result of these exercises?

Dr Reichelt—I am briefed that there has not been. There are potentially dangerous activities to marine life such as underwater demolition and high explosives in the northern part of the bay. The military are required to do an extensive clearing operation of wildlife, like dugongs for instance, before they do that and then—

Senator LUDLAM—What does ‘clearing’ mean in that context?

Dr Reichelt—The military personnel go into the water and move them away.

Senator LUDLAM—They move dugongs out of the live fire range.

Dr Reichelt—Yes, any wildlife that is large enough to be moved on.

Senator LUDLAM—Am I the only one who finds that faintly ridiculous? What about things that are smaller like fish, birds or turtles?

Dr Reichelt—I have not personally witnessed the scale of those, but I have read some reports.

Senator LUDLAM—So we do have people escorting dolphins, marine mammals and so on out of the live fire range?

Dr Reichelt—I would not use the word ‘escorting’. I think they conduct activity in the area to ensure that macro-fauna particularly will not be there.

Senator LUDLAM—They scare them off.

Dr Reichelt—But it is from a small area for a very short period of time. I am advised that things like the dugong populations in that area are among the more healthy parts of the Great Barrier Reef Marine Park and it is probably because of the military presence there.

Senator LUDLAM—Making it difficult for others to go in?

Dr Reichelt—There is less activity outside of these major exercises that you are talking about.

Senator LUDLAM—Finally, I know from close experience of the Lancelin defence training area north of Perth, where I live, that there is a large area within the impact template that unauthorised people cannot go into anymore because of unexploded ordnance. Presumably that is the same for the marine areas directly off where live firing takes place. Do you have any idea of how big a land area is effectively off limits now as a result of unexploded ordnance? Do you have any estimates of how much of that material might remain both on land and in the marine environment?

Dr Reichelt—That is outside our jurisdiction and I do not have those statistics, but I could refer you to the Queensland government department, or the Department of Defence may well have those or they may be in their reports. I am not aware of them.

Senator LUDLAM—Is this something that you are interested in or that you think may be within your remit if these areas have effectively become sacrificed zones?

Dr Reichelt—The land area would be outside the Great Barrier Reef Marine Park and therefore outside any legal jurisdiction the Commonwealth has from this portfolio. It would be of interest to departmental colleagues perhaps and I am not sure if the department officials have that sort of information.

Senator LUDLAM—They will be keeping their heads down. Could you tell us how that question relates to the marine environment? Are you aware of whether there are any areas that are effectively sterilised due to unexploded ordnance in the water?

Dr Reichelt—No, I am not aware of any. Areas that would be of interest to me would be nesting sites for turtles or inter-tidal bird habitat, things that are close to and important for the marine park flora and fauna. I am not aware of any such areas where there is a risk to the animals and plants due to unexploded ordnance, but it is not something that I have had a brief on.

Senator LUDLAM—Is that something that you would be interested in obtaining?

Dr Reichelt—I would defer to my colleagues. It would be more of an EPBC-style, environmental protection biodiversity conservation. I certainly would be concerned if there were areas adjacent to the marine park where there was a risk to animals and plants that live in the marine park.

Senator LUDLAM—I will leave it there. Thank you very much for your time.

Senator IAN MACDONALD—Are you aware that according to local knowledge Shoalwater Bay is one of the best kept park areas in the whole of Australia because it is well looked after by the Department of Defence?

Dr Reichelt—I was not aware of that. I was briefed just before I asked some questions about the exercise and I was informed about the high quality of the shallow marine megafauna, the dugongs and so on, in that area because they are relatively undisturbed.

Senator IAN MACDONALD—Do your staff have any concerns about Department of Defence activities up and down the Queensland coast?

Dr Reichelt—No, I have had none raised with me. The briefing I had on the big event, the Talisman Sabre, is that it is closely monitored before, after and during the event and that the environmental protection measures in place are appropriate for the marine park and particularly the international forces there are responsive to directions when we ask them not to go into certain highly protected areas.

Senator IAN MACDONALD—Are you aware that the defence forces have any number of uniformed and civilian environmental offices all over the place during both these exercises and at other times?

Dr Reichelt—No, it is not something I am an expert in.

Senator IAN MACDONALD—Do you, in your dealings with this particular exercise and generally, have very good relationships with the Department of Defence? They go out of their way to make sure that you and all the residents up and down the coast are happy?

Dr Reichelt—The Defence department has been very responsive to our requests. We have cooperated on methodologies for risk assessment and so on. We do not take the extra step. We review their environmental reports; we do not write them for them. They have been very forthcoming to us.

Senator IAN MACDONALD—It would be interesting to work out just how many people they have engaged in caring for the environment. Sometimes it seems they almost have more people engaged in caring for the environment than in killing the bad guys in these exercises—if there are some bad guys. Would you venture to suggest how these exercises would compare with the last real exercise we had in the Great Barrier Reef area—that is, the Battle of the Coral Sea in World War II? It is a long time ago now.

Dr Reichelt—It is a little outside my expertise as a marine park manager.

Senator IAN MACDONALD—I simply make the point that in a real conflict we need to defend Australia or parts of it. In peacetime our activities in environmental protection are first class and world recognised. Perhaps I am asking questions you are not qualified to answer and we could talk about that elsewhere.

Dr Reichelt—I have had brought to my attention the wording of the outlook report, which was the most recent assessment. I note Senator Macdonald's comments and I take the concerns of Senator Ludlam and his constituents very seriously. The summary text for defence in the marine park is that the scale of it is limited in area and duration. The summary statement says:

Thorough assessment, coordination and planning mean that defence activities are well managed in the Great Barrier Reef.

That was our most recent risk assessment.

Senator IAN MACDONALD—How are you going financially? I know the government is not giving you enough.

Senator Conroy—That is a leading question.

Dr Reichelt—We are on track for our budget.

CHAIR—We will come back after the break with the Supervising Scientist at 915 p.m.

Proceedings suspended from 8.58 pm to 9.15 pm

CHAIR—The committee will resume. Mr Sullivan, you have a response to a question on notice?

Mr Sullivan—Senator Milne asked earlier a question on the total number of staff that were transferred from the department—the then DEWHA—to the Department of Climate Change and Energy Efficiency. The total number of staff that were transferred to the Department of Climate Change and Energy Efficiency was 440 staff.

[9.16 pm]

Office of Supervising Scientist

CHAIR—We will now move to the Office of the Supervising Scientist.

Senator LUDLAM—I would like to follow up on some issues that we discussed last time, particularly around the Hawke review. The answer that we got back on notice was singularly unhelpful. There is a recommendation that the OSS take on greater responsibilities for oversight and regulation of uranium mining throughout Australia, which is an objective that we are supportive of. Can you update us with any information on this matter regarding the status of an expansion of your mandate?

Mr Burnett—The response to the Hawke review falls within my responsibilities. The position is generally unchanged with regard to the Hawke review. The department is working on a whole-of-government response and that is something that is still under consideration within government. The government has yet to take a position either on this specific matter that you have raised or on the Hawke review more generally.

Senator LUDLAM—I am going to stay with the specifics of this because the Hawke review goes much further than this issue, obviously. Has OSS done any internal work or projections on its capacity or staffing that would be involved in this shift, or is that too premature?

Mr Burnett—I think the answer to that question is no.

Senator LUDLAM—That sounded a little tentative. Have you done any thinking about what it will take for OSS to expand its mandate? I am not asking about a decision; have you done any background thinking?

Mr Burnett—We have done some thinking on that, along with all the other matters raised by Hawke.

Senator LUDLAM—Okay; that is kind of a yes and a no. Has OSS specifically done any background work on what it would take to expand its mandate in that manner?

Mr Hughes—No.

Senator LUDLAM—Last time you spoke to us about the national partnership agreement on the rehabilitation of the Rum Jungle uranium site and explained that you are part of the technical working group that oversees the activities of that working group. Can you table the full membership of the technical working group, particularly names and organisations and any expertise that is relevant to the membership of the group?

Mr Hughes—The technical working group was convened by the Department of Resources, Energy and Tourism. I do not know that that department has any specifically nominated individuals who must be a part of the working group. Representatives of that department turn up for the meetings—there are usually one or two representatives.

Senator LUDLAM—Has the working group convened?

Mr Hughes—Yes, on a number of occasions.

Senator LUDLAM—Does it have a formal membership?

Mr Hughes—It has formal membership in terms of departments or organisations.

Senator LUDLAM—So I am asking for the full membership of that working group.

Mr Hughes—Okay. It is the Department of Resources, Energy and Tourism, Supervising Scientist Division, the Northern Territory Department of Resources, the Northern Territory Department of—sorry, I only know the acronym, and it is rather large.

Senator LUDLAM—And I will probably not know it. Could you please table the agencies and the names of the people who attend those meetings? You can take that on notice.

Mr Hughes—Okay.

Senator LUDLAM—You are in a four-year assessment phase of what to do about the contamination at the Rum Jungle site. The assessment activities are related to outcomes designed to be the recommendations of a rehab program not to begin before 2012. I think that is what you indicated last time. Have any assessment activities been undertaken since we last met, which I think was in May? Are there any publicly available reports that we might be able to access on the work of the working group?

Mr Hughes—I am not aware of any publicly available reports but I understand that the working group intends to establish a website.

Senator LUDLAM—Nice. When will that be established?

Mr Hughes—At the last working group meeting I was led to believe that it would be shortly.

Senator LUDLAM—When was the last meeting?

Mr Hughes—Last week.

Senator LUDLAM—So, shortly after last week there will be a website and that will tell us about the activities of the working group?

Mr Hughes—Yes, I understand that is the way it is going to be.

Senator LUDLAM—Is DREC going to host that? Is that where we should look for that?

Mr Hughes—I think it will be hosted by the Northern Territory Department of Resources.

Senator LUDLAM—Thank you very much. I want to come back to the electrical conductivity spike in April of this year that we have spoken about a couple of times downstream from the Ranger mine in Kakadu National Park, including uranium in the water. We had quite a long exchange about real time water monitoring and found ourselves in furious agreement that such a thing is good. You had undertaken to advocate real time public water monitoring as the best way to test and evaluate contamination of waterways downstream from the Ranger mine. You indicated that you would raise that at the next mine site technical committee. I am hoping that you have got some good news for us as to how your advocacy has gone in that regard.

Mr Hughes—That has been raised at the mine site technical committee. It has also been raised with Energy Resources of Australia, who have undertaken to install a vastly increased real-time monitoring network around the site and in the stream.

Senator LUDLAM—What commitments or undertakings have been made on what that network will look like and when it will be in place?

Mr Hughes—I cannot make any undertakings on how long it will take ERA to install the network that they are intending. They were hoping to have it in place for this wet season. We will be running our upstream and downstream continuous monitoring stations this wet season and we intend this year to be publishing continuous monitoring data on our website.

Senator LUDLAM—That is great. Do you know how many monitoring points there will be on the EAR sites?

Mr Hughes—I understand they are intending to install seven monitoring points.

Senator LUDLAM—Are you able to provide for us on notice a map of where they are likely to be located?

Mr Hughes—I guess we can do that, yes.

Senator LUDLAM—That would be greatly appreciated. And that data will be public. Will that be correlated with the material that you publish on the OSS website or is this something that we would go to ERA's website or somewhere else to view?

Mr Hughes—ERA is being encouraged to do this to improve its water monitoring and water management capability. I believe that it would be inappropriate to expect them to be in a position to publish that data in the first year of operation knowing that it took us four or five years to get to the point where we were able to give an undertaking that we would do that ourselves.

Senator LUDLAM—But eventually the expectation is that the data will be published, surely?

Mr Hughes—I could not answer that.

Senator LUDLAM—That was the whole point—that the monitoring would be real time and that its results would be public. There is no reason whatsoever why they would not be published.

Mr Hughes—I think that is a discussion for further down the track.

Senator LUDLAM—Is that something that you plan raising with the company? I cannot think of a single good reason why that data would not be put into the public domain.

Mr Hughes—I have no problem raising that with the company.

Senator LUDLAM—Okay. Is that your view?

Mr Hughes—Ultimately.

Senator LUDLAM—Great. I am presuming also that the OSS will have access whether the public does in the first instance or not. Your office will certainly be given access to the real time monitoring?

Mr Hughes—I would assume that is correct. In fact, all the regular mine site technical committee stakeholders would have access to those data.

Senator LUDLAM—And it is your view that that should be in the public domain at some point in time.

Mr Hughes—When it is appropriate

Senator LUDLAM—Thank you very much, Mr Hughes.

Senator ABETZ—I might put a few questions on notice. The issue of seepage from the Ranger tailings dam continues to attract some attention. Has there now been any movement of radio nuclides away from the immediate footprint of the dam? Has there been any impact on the Kakadu National Park?

Mr Hughes—I can assure you first-up that there has been no impact on Kakadu National Park from the activities at the Ranger tailings dam.

Senator ABETZ—With further data now gathered can you please provide any update on results from the monitoring program in terms of the levels of radio nuclide migration from the Ranger tailings dam?

Mr Hughes—There are two shallow bores monitored by the Northern Territory Department of Resources as part of their check monitoring program that have revealed slightly elevated uranium values in those two bores. The chemical fingerprint of those bores is not consistent with processed water but is more consistent with pond water or incident water that has seeped in the walls themselves not from the tailings dam. ERA have been asked to undertake some investigations into those and have undertaken to do a lot more work on those areas.

Senator ABETZ—I understand the spike to which Senator Ludlam referred is an EC spike.

Mr Hughes—That is correct.

Senator ABETZ—With further water quality information now gathered in Magela Creek, what is it telling us for that EC spike reported in April and has the monitoring program indicated that any radio nuclides have impacted the water anywhere?

Mr Hughes—As you may be aware, the normal monitoring program in Magela Creek is to take weekly grab samples; however, the Supervising Scientist Division has in place some auto samplers which are triggered by the continuous monitoring devices. The auto samplers

actually captured a number of samples during those EC spikes and confirmed that the levels of radio nuclides were quite low.

Senator ABETZ—Thank you.

CHAIR—Thank you to the officers from the Supervising Scientist. We now move to program 1.1, Sustainable management of natural resources and the environment.

[9.28 pm]

Senator IAN MACDONALD—I think Mr Sullivan might be able to answer my first questions on the National Environmental Research program. I see that \$1.808 million for administrative arrangements for transition from MTSRF to NER was to be paid on 1 July. Was it paid?

Mr Sullivan—Normally I would be able to help you but the administration of the National Environmental Research program now rests with my colleague John Gunn, who heads up the information management division.

Senator IAN MACDONALD—Mr Sullivan will be pleased that he has left it, I would think because we were promised \$1.808 million on 1 July for MTSRF as part of a transition and arrangement. Was that paid on 1 July? Has it been paid?

Mr Richardson—No, that money has not all been paid. We have paid the invoices that we have now received from the Reef and Rainforest Research Centre, which administers that program on behalf of the department.

Senator IAN MACDONALD—You promised it on 1 July. Is that correct?

Mr Richardson—We established a transition program from the old CERF program into the new program. That transition program runs from July to December, for both the MTSRF program and the other research hubs under that program.

Senator IAN MACDONALD—Isn't it true that you promised that on 1 July, or early July?

Mr Richardson—I think the announcement from then Minister Garrett was that the program would run for the second six months of the calendar year.

Senator IAN MACDONALD—What money has been paid, and when?

Mr Richardson—I will have to take that question on notice.

Senator IAN MACDONALD—Surely you would have that. Mr Sullivan knew how interested I was in this. You have no idea when—

Mr Richardson—I am sorry, Senator. I know the first payments have been made and all the invoices that have been submitted have been paid.

Senator IAN MACDONALD—So all of the invoices that have been submitted by the Reef and Rainforest Research Centre have been paid?

Mr Gunn—Senator, perhaps I can help here. I am responsible for the National Environmental Research Program, so I do have a detailed response. I will go through it bit by bit.

Senator IAN MACDONALD—Please be quick; we are on a very short timetable. I just want to know what has been paid and when.

Mr Gunn—Following Minister Garrett's approval of the recommendations for the transition arrangement, which was administered by the RRRC, the contract was signed on 4 August. The subsequent review of this variation revealed that there was an error in the way that the GST was handled. Further variations to amend this error were required. The effect was to increase research funding by 10 per cent at that stage. The new variation addressing the issue was agreed to by both parties on 10 September. The RRRC then varied its contracts with the research providers. Since 10 September the department has had difficulties implementing an initial bank account to facilitate payments to MTSRF, transition research providers. These issues were thought to be resolved by mid-September—the 16th, to be precise. On 6 October the SRF team contacted the RRRC to ensure that the bank account issues had been successfully implemented. The RRRC advised that their access to the official bank account had not been granted at that stage. The department, the RRRC and the Commonwealth Bank worked together to resolve this matter, and it was successfully resolved on 7 October. Invoices for the first research institution payments commenced processing on the 7th, with payments into the official bank account commencing on the 8th. The RRRC has advised that the first payments to research providers would occur from Monday, 11 October.

Senator IAN MACDONALD—So how much has been paid?

Mr Richardson—I am sorry, Senator, we will have to take on notice the exact amount.

Senator IAN MACDONALD—Most of the \$1.8 million, or some of it, or half of it?

Mr Richardson—The research contract was front-end loaded, so there was a significant payment upfront, but I cannot tell you exactly how much.

Senator IAN MACDONALD—We do not have time to go into this, but that unit has been operating for years. Surely they had a bank account you could pay money into.

Mr Gunn—I have passed the facts as we know them, and now the negotiations with the RRRC—those are the issues as we know them.

Senator IAN MACDONALD—So they did not have a bank account?

Mr Gunn—They did not have a bank account for us to pay those moneys into. That is our advice.

Senator IAN MACDONALD—Where have you been paying it for the last four years—sending them some cash?

Mr Gunn—No, of course not. You are talking about an account, but I presume that that was a different bank account to the one we have been asked to pay this into.

Senator IAN MACDONALD—Perhaps you could ask Mr Sullivan. He has been paying it for four years. Do you know how the Reef and Rainforest Research Centre has been paying scientists, who live on this money, between 1 July and 9 October? Have those people just done without money?

Mr Gunn—That is not my understanding, no.

Senator IAN MACDONALD—Well, where are they getting the money from? You have not paid them—until 9 October.

Mr Gunn—My understanding is that the publicly funded research agencies and the universities are providing funds to researchers under the contracts that they have with them.

Senator IAN MACDONALD—But where are they getting the money from? They are only getting the money from the department.

Mr Gunn—I have no answer to that, Senator.

Senator IAN MACDONALD—We are not going to get on very well. Fortunately, time is against us today. Tell me about the Cairns based rainforest part of research in Far North Queensland.

Mr Gunn—Are you talking looking forward?

Senator IAN MACDONALD—Yes.

Mr Gunn—The rainforest component of the old MTSRF funding is part of a proposal that has been submitted for a northern Australian biodiversity hub.

Senator IAN MACDONALD—To be based?

Mr Gunn—The hub head office will be based at the Charles Darwin University. In the latest version of the hub proposal that we have there is a proposal to have a program on rainforest research based out of Cairns, I believe.

Senator IAN MACDONALD—So what does that mean?

Mr Gunn—All of the rainforest research within the northern Australian biodiversity hub will be centred in a centre in Cairns.

Senator IAN MACDONALD—All of the rainforest research? So how much money will be allocated for that?

Mr Gunn—I can only talk about the proposal at this stage. The consideration of the hub funding model is with the minister at the moment.

Senator IAN MACDONALD—Can I just read you a quote:

... the government has been fair dinkum about protecting the Great Barrier Reef. We know how important it is to the people of Queensland and Australia. We know how important it is to have good scientific effort in places in Far North Queensland to enable that to happen. Importantly, with my colleague Jim Turnour, I wanted to make sure that a research hub which looks at the reef, which looks at rainforest issues, is located in this region. This is a commitment that I made again today, and providing some additional funds as well, some three-quarters of a million dollars, for this transition phase. This means the research effort in Far North Queensland is going to continue.

Journalist: Can we get that in writing?

Garrett: That is absolutely the case. I am happy to take questions.

This is a pre-election media conference in Cairns by Mr Garrett, the then minister. Can we believe anything Mr Garrett said?

Senator Conroy—Senator Macdonald, you know that you cannot ask an opinion of an officer at the table.

Senator IAN MACDONALD—Mr Garrett, as minister, made that commitment—that it would be based in Cairns. You tell me it is based in Darwin. Perhaps, Minister, if it is too difficult for Mr Gunn, you might be able to—

Senator Conroy—Is it factually based?

Mr Gunn—Can I just repeat, Senator: we have a proposal for a northern Australian biodiversity hub that is coming from its centre at the Charles Darwin University. It draws together researchers from across northern Australian—in fact, from many parts of Australia.

Senator IAN MACDONALD—They have not started. It is a proposal.

Mr Gunn—That is correct. The part that pertains to the rainforest will be based out of Cairns.

Senator IAN MACDONALD—This research work in reef and rainforest has been going for—what is it: three, six years, Mr Sullivan? They have employed scientists in Far North Queensland, where the reefs and rainforests are. Who has been paying them since 1 July?

Mr Gunn—I have answered that question previously.

Senator IAN MACDONALD—Your answer was you haven't got a clue.

Mr Gunn—I said I can't tell you.

Senator IAN MACDONALD—Can you take that on notice and then tell me?

Mr Gunn—Sure.

Mr Grimes—Senator, that relates to activities undertaken by the institute itself.

Senator Conroy—Absolutely.

Senator IAN MACDONALD—Sorry?

Senator Conroy—It may not be possible to establish that. I happy to find out what information we can, but—

Senator IAN MACDONALD—Hang on. This centre has operated with funds provided by the Commonwealth government for, I think, six years. Someone could correct me if that is wrong. As I understand it, they have not got funds from elsewhere—or limited funds from elsewhere. They were providing funds for research for scientists based in the North, under institutions including GRBMPA, AIMS, JCU and Charles Darwin. But they have not been able to pay anyone anything since this government stopped the flow of money on 30 June 2010.

Mr Grimes—The officers have answered that question to the best of their ability. It is quite possible that—

Senator IAN MACDONALD—Well, they don't have a clue and will take it on notice.

Mr Grimes—It is possible that the institute may have had cash reserves that has allowed it to fund its way through this period, but we will take that on notice and see what information we can provide for you.

Senator IAN MACDONALD—Is this research hub being treated differently, in its administration, to other research hubs around the country?

Mr Gunn—Yes, following an announcement via the then minister, Minister Garrett, the Torres Strait and the Great Barrier Reef research work—and that pertains just to the Torres Strait and reef marine and coastal research—would be set as a set of projects and a separate administration contract would be tendered for. That differs from other hub models whereby consortia of researchers join together generally under the agreement of all those research agencies and universities, a hub home is designated and the hub home acts as the administrator. There is not a separate administration model, as there will be for the Torres Strait and reef.

Senator IAN MACDONALD—So there will be a separate administrative hub?

Mr Gunn—That is exactly what the minister announced.

Senator IAN MACDONALD—And is that being processed at the moment?

Mr Gunn—We have a tender pending, and obviously I cannot talk to you about that.

Senator IAN MACDONALD—Give me some time lines on the tender.

Mr Gunn—We are negotiating with a tenderer tomorrow and hope to conclude that very soon.

Senator IAN MACDONALD—When did the tenders close, how many tenderers tended and when do you hope to make an announcement?

Mr Gunn—April.

Senator IAN MACDONALD—They closed in April?

Mr Gunn—That is correct.

Senator IAN MACDONALD—That is six months ago!

Mr Richardson—Yes.

Senator IAN MACDONALD—And the other question: how many tenderers?

Mr Gunn—I do not believe we can answer that given that it is a competitive tender.

Senator IAN MACDONALD—I am not asking you who they are or what they are. I am not asking you to identify them; I am just asking how many there are.

Mr Gunn—I just do not believe we should answer that.

Mr Tucker—It is not usual during a tender process to say how many there are. Certainly after the tender process we could answer the question.

Senator IAN MACDONALD—This has been going for six months and things have come to a—this is a scandal. This is outrageous.

Senator Conroy—This is spin. Would you get to a question?

Senator IAN MACDONALD—Sorry?

Senator Conroy—You have a limited amount of time, would you come to a question?

Unidentified speaker—Of course you can say how many tenderers there are.

Senator Conroy—Not in the middle of a process!

Senator IAN MACDONALD—When do you expect the process to finish?

Mr Gunn—As I have said, we have further negotiations with a tenderer tomorrow and we expect to conclude those as soon as we can. There are a number of legal matters that are outstanding at the moment that we are discussing with the tenderer.

Senator IAN MACDONALD—So the tenderer has clearly been accepted subject to the legal matters being—

Mr Gunn—A preferred tenderer has been identified, that is correct.

Senator IAN MACDONALD—What part will the department in Canberra play in relation to this Reef and Rainforest Research Centre that it did not play under the previous arrangement? I will leave that question there, but let me assist by asking: will whoever wins the tender have the same independence as the previous operator had, or will it be more controlled by the department in Canberra?

Mr Richardson—I am not sure I can answer that question, in part because the previous administrator was administering a set of research projects that were approved by the relevant minister for the environment each year. So there was an annual research plan prepared which was prepared by the administrator to meet the needs of the end users of that research, and then the research program was then put to the minister for sign off.

Senator IAN MACDONALD—So is it going to be exactly the same procedure under the new arrangement?

Dr Grimes—I think what you are asking for is for presumptions to be made about what decisions might be made in the future and I do not think it is appropriate for us to be speculating on those matters. The officers have described the process that is being followed and have provided a good overview of that process, but you would appreciate that speculating on future matters is not something that we can do.

Senator IAN MACDONALD—No, Dr Grimes, you cannot get away with that. There is a tender out. I have not read it, but the tender would say what the arrangement is, and I want to know: is the arrangement that was set out in the tender the same arrangement that has applied for the past six years.

Dr Grimes—I think that is a different question to the question that you asked.

Senator IAN MACDONALD—All right, then just take that second one as my question.

CHAIR—Senator Macdonald, your time is up.

Senator IAN MACDONALD—Can I just get an answer to that?

Senator Conroy—You changed the question, I think Dr Grimes was saying.

Senator IAN MACDONALD—I have said the question. Do I have to repeat it and waste more time?

Senator Conroy—You changed the question.

Dr Grimes—The officers will see if they can help you with that question.

Mr Gunn—I will have a shot at it.

CHAIR—Mr Gunn, as long as it is a short answer.

Mr Gunn—The tender set out very clearly what we required in the way of services. There are material differences between the way that the MTSRF program and the NRM program are being run, yes. I think that is in part an answer to your first one. But the tender document set that all out quite clearly. We have accepted the tenders to come in and we have evaluated them. We expect to make an announcement very soon.

Senator IAN MACDONALD—Mr Gunn, I get cross with you but I should not because I know you only do what you are told to do by your political masters.

Senator SIEWERT—Can I do 7½ minutes on marine and then 7½ minutes on Caring for our Country, please. I have 15 minutes. Also, just to let you know, there will be heaps of questions on notice.

Senator IAN MACDONALD—I have not even started on Caring for our Country.

Senator SIEWERT—Exactly.

Senator IAN MACDONALD—This is outrageous.

Senator Conroy—It is what your senators agreed. Do not blame the officers or the chairs. It was what was agreed by the committee.

Senator IAN MACDONALD—We have a department that has expanded to include housing. The environment department now has housing.

CHAIR—Senator Macdonald, we are trying to move on.

Senator SIEWERT—I have quite a few questions. I will put some on notice. I particularly want to ask about the south-west bioregional process. I am aware there was a commitment given that the draft maps would be out for public comment within three months of the election. I am wondering where that process is up to.

Mr Oxley—The election commitment was that the South-west Marine Bioregional Plan draft would be released within three months of the election. We are obviously working to deliver that for the minister.

Senator SIEWERT—What time line are you working to?

Mr Oxley—We are working to the election commitment.

Senator SIEWERT—Some of the issues that have been discussed have been around displaced effort and the development of a policy for the commercial fishing sector. I am wondering if you are developing that policy and if that will be released at the same time.

Mr Oxley—Yes. I answered quite a range of questions in relation to the development of a displaced activities policy at the last estimates hearing. Just to build on those answers, yes, we are working on a displaced activities policy across government, and the intention, as previously stated, is that that will be released either before or at the time of the south-west plan.

Senator SIEWERT—So it is still planned to release those two together?

Mr Oxley—I have not had an contrary indication.

Senator SIEWERT—Will there be, at that time, discussions of any budgetary allocations to that displacement policy?

Mr Oxley—I would expect that any matters relating to the budget would be dealt with as part of the budget process.

Senator SIEWERT—So we have to wait til later on for that. In terms of the work that has been done by the Allen Consulting Group, are you aware of the report that was released around the economics of marine protected areas?

Mr Oxley—Yes, I can recall looking at it some time ago.

Senator SIEWERT—Have you done any work around what the economic impacts of the proposals in the south-west bioregional planning area could be?

Mr Oxley—We have been looking at a range of options, as one would expect, for what a future marine reserve network might look like. As part of doing that work we have been using the available fisheries data to make some estimates of what level of fishing effort would be displaced from a range of different options.

Senator SIEWERT—That will obviously be included when the draft report is released.

Mr Oxley—The intention would be that when the draft plan is released there would be associated with that a first round identification of the level of fishing effort that would be displaced on the assessment that we are able to do. We have been using the Bureau of Rural Sciences to do this assessment work and I think that was covered in detail at the last DAFF estimates, so yes, you would expect to see a report with a first round of estimates available, which of course will need to be ground truthed as part of the consultation.

Senator SIEWERT—I have a couple of other questions around the south-west process that I will put on notice because I am conscious of how my time is going. I want to know whether you have looked at, and discussed with the department of fisheries in Western Australia, the issue of the seasonal bans and the declining fish stocks in the areas where the seasonal bans have been put in place. Have you had any discussions with the department about that?

Mr Oxley—I need to confer with one of my staff for a minute. There may have been some discussion but I think it would be easier on this occasion if you were to give us an indication more clearly on notice and we will respond.

Senator SIEWERT—As you will be aware there are some seasonal bans coming into effect in WA and that is having quite a significant impact, as we understand it, on some of the local tackle shops and things, and the discussion is now centring around spatial bans rather than seasonal bans. I am wondering whether you have been having any discussions with the department or are you learning from the process that is being undertaken there at the moment.

Mr Oxley—I will take that on notice. I cannot give you the nitty gritty of what discussions our liaison officer in Western Australia may have had with WA fisheries department officials.

Senator SIEWERT—Thank you. You may want to take this one on notice too. The recent puerulus count for the Western rock lobster fishery is very poor again and I am wondering whether that has been taken into account in any of the planning of the south-west regional

marine. Sorry I am going back to the south-west regional planning process, I forgot, whether that has been taken into account.

Mr Oxley—I think it really depends on what one means by taken into account. We are aware that there is a continuing problem with recruitment in the rock lobster fisheries including in Western Australia. The work that we are doing is developing a marine reserve network. Its objective would not be to conserve or to bolster rock lobster stocks or so on.

Senator SIEWERT—I am aware that the western rock lobster is a key ecological feature—

Mr Oxley—that is correct—

Senator SIEWERT—so I would have thought that it would have been one of the issues that you take into account.

Mr Oxley—So we would be seeking to develop marine reserves that conserve some rock lobster habitat, yes, but we would not be designing the marine reserves with an express objective of sustaining or rebuilding rock lobster stocks. We are building a representative reserve system.

Senator SIEWERT—Point taken, thank you. I am going to have move on to the other part of NRM. I want to do Caring for our Country, please. When is it likely that announcements will be made on the current round of funding applications?

Mr Flanigan—The Minister made a public announcement this afternoon on the successful projects. There are still other decisions to be made in the process, but the current successful applicants have now been announced.

Senator IAN MACDONALD—Which year is this for?

Mr Flanigan—It is the year 2010-11; this business planning period.

Senator IAN MACDONALD—We are already halfway through 2010-11.

Senator SIEWERT—I will obviously be putting a series of questions on notice around that. Could you take on notice how many of the applications were successful and what was the level of funding on those applications. You said that there were other decisions yet to be announced or made. What are those decisions?

Mr Flanigan—In the assessment process the national panel made recommendations to ministers about projects that should be funded and then identified a number of projects that fell into what we are calling the reserve list and then projects that they thought were unsuitable. So there is still a decision to be made by the joint ministers about the handling of the reserve list.

Senator SIEWERT—I understand that the scientific assessment panels that were used last year were not used for the assessment process this year. Is that correct? I am talking about the technical panels that were used to assist with the assessment process last year. They were not used this year?

Mr Flanigan—As I indicated in my earlier answer, we have a process of continually reviewing the system and the approaches every year. This year we added a quality assurance panel to the process. It was a three-member panel which reviewed all our assessment

documentation and those sorts of things and advised the department's executive on whether there were any issues and advised the ministers as to whether or not the process had been satisfactory and above board. The other elements of the process were that state-by-state there was a preliminary assessment panel. In previous years that first-cut work has been largely done by departmental staff. This year we added community members to that process and then we took the community members from those state panels for the national assessment panel, which looked at all the projects across the board and effectively came up with the recommendations that were put to ministers.

Senator SIEWERT—Could you run me through that again? So people who were on the preliminary assessment panel then made up the national assessment panel, is that what you just said?

Mr Flanigan—Yes, the chairs of those panels. Each preliminary screening panel—so that is state-by-state—was made up of: two community members, one of whom was the chair of that process; a scientific expert; some departmental staff with knowledge of those particular programs, the business areas and those sorts of things effectively as technical advisers; and then sometimes we supplemented that with other people from heritage division and the like. They made the first run through on the assessment process. Then the chairs, so that is the one community member from each of those panels, made up the national moderating panel—with a new independent community person as the chair of that. So effectively it was an entirely community based assessment panel. We did have two SES officers from the AGLC in that process to again provide advice and information. Then essentially the recommendations from that panel went through to the ministers. But we had this overarching quality assurance group made up of three people to make sure that all the issues and the probity questions through that process were addressed. Any outstanding issues were brought to the attention of me and my colleague, Ian Thompson, so that we could address any concerns.

Senator SIEWERT—What was the background of the people involved in the quality assurance process?

Mr Flanigan—The three members of that group were Ms Anthea Tinney, Dr Guy Fitzhardinge and Mr Roger Wicks. They were appointed by the ministers. Their role was not to assess the projects per se; it was to provide ministers with assurance that the process was above board and was undertaken in accordance with all our guidelines.

Ms Tinney is currently the Chair of the Australian National Commission for UNESCO, but she previously had a long and distinguished career in the Commonwealth public service. Guy Fitzhardinge has a long background in natural resource management and he is well regarded around the traps. He has been involved in earlier Caring for our Country activities and he is currently a director of the Australian Bush Heritage Trust. Roger Wicks has a long background in natural resource management in South Australia.

Senator BIRMINGHAM—I would like to shift back to the marine division, but focus on whaling. The IWC has met since we last met. Obviously Australia played a major role in ensuring the defeat of a proposal which was put by the chair. What was the outcome at the end of the IWC meeting?

Ms Petrachenko—Yes, we were very successful.

Senator BIRMINGHAM—You were very successful in defeating the chair’s proposals. Beyond that, what was the outcome of the meeting?

Ms Petrachenko—More generally, as you have said, the chair’s proposal, which would have legitimised commercial whaling in the North Atlantic, the North Pacific and the Southern Ocean, was not successful, and that was a very good outcome. Furthermore, we took a number of important steps forward concerning conservation management. There was agreement to develop conservation management plans for North Pacific grey whales and southern right whales, and we will be holding a workshop in Argentina next year on that. We also had agreement to move forward on whale watching. This is very important for a number of economies and countries all over the world because of the economic benefit to coastal communities. That workshop is being held in November, again in Argentina. They are just some examples. We also did a lot of work in the scientific committee and the conservation committee, and we will see the results next year.

Senator BIRMINGHAM—In the absence of the chair’s proposals or as a result of any of the initiatives that you have just mentioned, or any others that may have been undertaken, is there likely to be any change to Japan’s whaling activities in the upcoming whaling season or in any future whaling seasons?

Ms Petrachenko—We have not yet received Japan’s permits or copies of Japan’s permits for the Southern Ocean this year. The way the IWC works is that when a country issues themselves special permits they have to lodge those permits with the secretariat in Cambridge. They have not done so yet; it will probably happen in November, if past practice is any guide. So we will have to wait and see what those permits indicate.

Senator BIRMINGHAM—Is there any indication from Japan that they are likely to alter their cull from the last few years?

Ms Petrachenko—Their so-called scientific research program is a multiyear program, according to them. This year they will be focusing on the area around the Ross Sea. That was the overall plan that they submitted but we have not received any further detail for this year.

Senator BIRMINGHAM—Australia’s delegation to the IWC was led by former Minister Garrett. I remember seeing images of him proclaiming his support for the now Prime Minister from wherever he was. Did the whaling envoy attend as well?

Ms Petrachenko—Yes, Mr Hollway attended.

Senator BIRMINGHAM—I can never quite remember when the last expiration of Mr Hollway’s contract was but I am assuming it has probably expired since we last met, and if so, has it been renewed again?

Ms Petrachenko—Mr Holloway’s contract concluded on 30 June and there has been no further consideration of it.

Senator BIRMINGHAM—There has been no other appointment of a whaling envoy?

Ms Petrachenko—No.

Senator BIRMINGHAM—Are you aware of any decisions by the government to decide to appoint a whaling envoy?

Ms Petrachenko—No, I am not.

Senator BIRMINGHAM—There is no search for a new appointment or anything else underway?

Ms Petrachenko—Not that I am aware of.

Senator BIRMINGHAM—Does the department or the government have any plans in relation to surveillance in the Southern Ocean this year?

Ms Petrachenko—No, we do not.

Senator BIRMINGHAM—Is the department undertaking any particular activities to assist Attorney-General's in the legal challenge with Japan?

Ms Petrachenko—We provide information to the Attorney-General's Department at their request.

Senator BIRMINGHAM—I know where it is going to go if I dig too much into that information that you are providing. Is this historical information that you are providing, or are activities that the department is undertaking to collate or collect more information to assist that challenge?

Ms Petrachenko—Senator, I do not think it would be appropriate for me to go into the details of that information as it is associated with a legal case.

Senator BIRMINGHAM—That is fine; we might try Attorney-General's for more of that.

CHAIR—We are a bit early on this one. Are you happy to move on? We have until 10.20 pm. That means that when we get to outcome 1.2 it is five minutes each. So you can either take 1.2 and we can add a bit or you can continue on this one. It is in your hands.

Senator BOSWELL—Let's go for this one.

Senator IAN MACDONALD—Chair, I think we have to think about a spill over day for Caring for our Country. It has only been touched upon.

CHAIR—That is another issue for another time. Senator Boswell, you have the call.

Senator BOSWELL—I would like to speak to Mr Oxley. The south-west, north-west, north marine regions, according to your online update, are due in the second half of 2010. The south-west plan and then the east bioregion are in early 2011. Are those timelines still valid?

Mr Oxley—The government's election commitment was that the draft south-west plan would be released within three months of the election so, assuming that we have a 17-day election and it is about 8 September, that would be in early December, and then the election commitment is that the plans for the north, north-west and east regions would be completed by the end of 2011. I think the election commitment says December 2011. In terms of sequencing within that, the intended sequencing in the past has been the south-west, followed by the north and north-west together, followed by the east. We do not have any clear guidance at this stage as to whether that sequencing remains the sequencing for this minister but we are working on the assumption that it is until we are advised otherwise.

Senator BOSWELL—That is when the draft plans will be put forward?

Mr Oxley—I cannot indicate to you when they will be released within the next 14 months, other than the intention for the south-west plan to be released in early December this year.

Senator BOSWELL—That is the plan with the green zones and the no-take zones?

Mr Oxley—It is the marine bioregional plan, which has two elements: a plan made under the EPBC Act and a network of marine reserves.

Senator BOSWELL—What is being done or what is intended to be done in examining the biodiversity of the Coral Sea? That is work that would not have been undertaken in the normal course of bioregional planning, so what is being done in examining the biodiversity of the Coral Sea?

Mr Oxley—We discussed this issue at the last Senate estimates so I will add to that answer. We are in the middle of a regional assessment process at the moment. We are not out there doing new marine research as such, but we are using existing available information to examine the biodiversity values of the Coral Sea. We have also commissioned some additional work down the east coast of Australia looking at things such as key ecological features. Key ecological features were identified in the East Marine Bioregional Profile. I believe we have contracted—and if I am wrong I will correct it on notice—CSIRO to do some further work on those key ecological features. We are also doing work on identifying what we call biologically important areas for threatened species or protected species which will also be brought into and used in the marine planning process.

Senator BOSWELL—What process is being used to do that work? Is it being done out in the field?

Mr Oxley—It is not fieldwork as such; it is more the commissioning of scientific expertise to collate existing data to review information. For example, with things like the key ecological features, if a key ecological feature were identified as the canyons of the east coast of Australia then we now have CSIRO to do some further work to look at those canyons and identify for us which ones are of particular importance in terms of major sources of upwelling of deep ocean cold water onto the continental shelf.

Senator BOSWELL—When do you anticipate giving advice to the minister on whether there ought to be long-term protection of the Coral Sea?

Mr Oxley—At this stage I cannot forecast when that advice will be provided to the minister, but it will be provided in a time frame that allows the marine bioregional plan for the east to be concluded by the end of next year having gone through its public consultation process.

Senator IAN MACDONALD—Will it be considered as part of the marine bioregional plan?

Mr Oxley—That is the intention, yes.

Senator BOSWELL—The stakeholders advisory group was established in the middle of last year and has met only twice in well over a year. Why isn't it being included in the process? Why has it only met twice during the year? Surely there should have been more engagement than that with the stakeholders group.

Mr Oxley—Again, we provided a detailed answer to a question on notice in relation to the stakeholder advisory group. I think the question was from Senator Colbeck. This is the stakeholder advisory group on displaced activities policy. It has in fact met three times. At its last meeting—

Senator BOSWELL—When was its last meeting?

Mr Oxley—Its last meeting was about 14 April—mid-April was when it last met. It is unclear at this stage whether we will convene another meeting of that body or not. What we have received from the stakeholder interests represented on that panel—not all, but certainly the commercial fishing, the recreational fishing sector, conservation NGOs and the oil and gas industry—are the sectoral views from those groups as to what appropriately will be included in the displaced activities policy. That has been an input into the development of a draft policy for consideration by the government.

Senator BOSWELL—On the displaced activities policy, when will you be providing advice to the minister on that?

Mr Oxley—The department is developing advice. I cannot at this stage indicate when that will be provided but it will be provided in sufficient time for it to be considered in parallel with proposals for the draft south-west plan.

Senator COLBECK—My understanding was that the displaced activities policy was to be released prior to the south-west marine plan being released. Has that position changed? My understanding was that the commitment, prior to the election anyway, and certainly the understanding of the fisheries people, is that it would be released prior to the south-west policy, not in parallel or at the same time.

Mr Oxley—Your understanding of that commitment I believe is correct.

Senator COLBECK—There is a subtle change in your language today. Am I to take it that there has been a change in policy?

Mr Oxley—You can take it as an unintentional subtlety, if you like.

Senator COLBECK—I can tell you that the people who are listening to us will be all over it.

Mr Oxley—I know they will.

Senator COLBECK—The intention is to release it ahead of the release of the south-west plan.

Mr Oxley—Yes.

Senator COLBECK—Good. You said there were three meetings of the displacement group. There was a meeting just prior to the election—or in the commencement of the caretaker period.

Mr Oxley—The meeting you are referring to there is a two-day meeting we had with the National Seafood Industry Alliance. It was held on the Monday and Tuesday just after the election had been called. We had all our NSIA stakeholders already en route to Canberra when the election was called and we made the judgement that it would be folly to cancel it.

Senator COLBECK—They were grumpy enough as it was. Are any further meetings of the displacement stakeholder group planned?

Mr Oxley—Not at this stage.

Senator COLBECK—Is there going to be a draft document released for stakeholder input or are you going to basically release the plan?

Mr Oxley—I think you are now asking me to forecast the process that the minister might want to use.

Senator COLBECK—I could always be suggesting a process that the minister might like to use as well.

Mr Oxley—I am happy to take your advice, Senator. The means by which a displaced activities policy comes into the public realm, whether it is as a final policy or as a draft for consultation, is a matter for the minister to decide.

Senator COLBECK—I will put the rest of my questions on that on notice, and we will move onto some terrestrially based issues under the EPBC Act. The first question I want to ask is about the status of the assessment of the Sassafras Wesley Vale irrigation scheme. Can someone give me an update on where that approval is that?

Ms Wicks—The final approval for that is due on 28 October.

Senator COLBECK—There is no chance of that occurring before 28 October—it is due on that date and that is the date it will be given.

Ms Wicks—Yes. There is a possibility that it can occur before that date but that is the date that it is due.

Senator COLBECK—Have there been any changes to the scheme as a result of the referral process?

Ms Wicks—The referral and assessment process itself has focused on the types of mitigation measures that might mitigate against the impacts on the matters that are protected under the EPBC Act. There have not been changes to the scheme itself. It has more or less been focusing on the mitigation measures.

Senator COLBECK—Will that information be contained within the final approval document?

Ms Wicks—The final decision, yes.

Senator COLBECK—If it is not an approval document then it will be quite an exciting time. I need to quickly go to bumble bees. We had a conversation previously about the fact that there are bumble bees happily existing in the environment in Tasmania but it is illegal to have them inside a greenhouse.

Senator Conroy interjecting—

Senator COLBECK—Yes, that is correct, Senator. Your reaction is very pertinent because a constituent of mine was in contact with Mr Garrett at the community cabinet and was told that he would get a response within four weeks. Three months later, he is still waiting for some sort of idea as to what might happen. I think the response has been to appeal the

legislation. Can you give us an update on what the circumstance might be with that or what communication has occurred?

CHAIR—It will have to be a brief update.

Ms Callister—I am not aware of any specific communication that was received by the department or the minister from the gentleman you referred to. We would be happy to respond to anything if it were provided. Since I spoke to you at the last estimates in relation to bumble bees, we have met with a number of industry representatives in relation to potential trials of bumble bees, which, I understand, they are interested in doing on the mainland. We have provided them with information about the steps they would need to go through and the options for them. We have talked to them about that and we have heard nothing further in relation to that from the industry people. But we are very happy to discuss the options and talk it through with them if they want to approach the department.

Senator COLBECK—I just want to clarify one thing. You are suggesting the best approach for them would be for them to approach the department.

Ms Callister—If they want to approach the department, we would be happy to talk to them.

Senator SIEWERT—Where is the Hawke report whole-of-government response up to? Are there any new details on time frames?

Mr Burnett—I cannot really add much to what I said before. It is still under consideration. There is obviously a new minister and he needs to have a look at it so there is no specific date that I can give you.

Senator SIEWERT—Is this the appropriate place to ask about strategic assessment in the Kimberley? I am aware that we are on a very tight time frame. Please update me on where we are up to with the strategic assessment. I am particularly interested if it is still concurrent with the state process.

Ms Cameron—The two processes are running in conjunction. The state of WA and the Commonwealth signed a strategic assessment agreement. The documents are being prepared by the state to respond to both processes.

Senator SIEWERT—I am aware that they have signed the agreement. I am also aware that the Premier of WA pre-empted that by nominating James Price Point, hence my question as to whether they are still concurrent.

Ms Cameron—They are still concurrent.

Senator SIEWERT—Where are they up to now? Is the process continuing?

Ms Cameron—Yes. The plan from the state now is that the draft documents will go out for public comment in late November.

Senator SIEWERT—Two separate documents—one for the state and one for the Commonwealth?

Ms Cameron—No, the same set of documents. There will be a multiple set of documents, as you can imagine, because of the complexity of the assessment, but it will be one set of documents for both processes.

Senator SIEWERT—What was the date for that?

Ms Cameron—Late November.

Mr Burnett—Just adding to that: late November is the current understanding we have as Commonwealth officials of when the state is likely to have the documents ready to go out. But it is in the control of Western Australia and the dates do change from time to time. So in answering that question we cannot give you an absolute commitment that that is what will happen.

Senator SIEWERT—I am very conscious of time and I have two other issues I want to cover. Why is it in control of the state?

Mr Burnett—Because that is the nature of the process; that is what the act provides for in the agreement. The state is preparing the documents and, as the proponent, it is up to the state when they go out for public comment.

Senator SIEWERT—This is the whole of the strategic assessment process that covers the Commonwealth process as well as the state?

Mr Burnett—Yes.

Senator SIEWERT—Thank you. I would like to go to an answer that you gave me—and I am sorry to jump around but there are a couple of issues that I want to cover—in response to my questions on notice about the Jandakot airport last estimates. I thank you for the answer; it was very useful for me. I have got a couple of follow-up questions. The comment was made that none of the translocated plants set seed. Does it concern you that they continue to transplant orchids and that some of them have survived and set flowers but none have set seed? Is that normal? Have you looked into it?

Ms Middleton—In relation to the translocation that is currently occurring on Jandakot airport, it is all being managed by the Botanic Gardens and Parks Authority in Western Australia. They are the leading experts in terms of the two orchid varieties on Jandakot and their latest reports to us are that they are actually encouraged by how well the plants that they have currently translocated are progressing.

Senator SIEWERT—These are also the ones from 2004 that have been translocated and have flowered but have not set seed. Has any work been done or have you required any work to look at why they did not set seed and what potential that has for the future?

Ms Middleton—I am not a technical expert on orchids but I can take that on notice and check with the Botanic Gardens and Parks Authority.

Senator SIEWERT—You can understand where I am coming from.

Ms Middleton—Yes, I do.

Senator SIEWERT—Here we are now doing a second tranche of this process yet we have not seen a successful regeneration of the plants that have been translocated in the past. Monitoring finished in 2009 and we have no understanding now of whether they are actually going to survive. We may as well have cut the flowers and that is it.

Ms Middleton—I do not think it is quite that simple. The orchids are quite cryptic. Even when they do flower within the normal habitat in which they were originally found you

cannot always go back and find viable plants in the same location. They have been trying to understand what it is about the life cycle and whether there is involvement of a particular wasp in the pollination and generation of seed. So it is quite cryptic and unfortunately, not being an expert, I am relying on advice from Western Australia.

Senator SIEWERT—In the meantime we have approved translocation of more—

Ms Middleton—Yes.

Senator SIEWERT—and you can see the point that I am making.

Ms Middleton—I understand.

Senator SIEWERT—If you could take on notice and provide me with any further information on that, it would be really appreciated. In my last remaining 30 seconds, or whatever I have got, I would like to ask you about Underwood Avenue bushland in WA. Has the University of Western Australia submitted their proposal yet?

Ms Middleton—At this point in time we do not have an active referral for that proposal, but we do have written advice from the University of Western Australia that they intend to comply with all the requirements under the EPBC Act.

Senator SIEWERT—Just to clarify, in terms of them undertaking any preliminary work, they are not able to do preliminary clearing or earthworks prior to their submitting a proposal, are they?

Ms Middleton—If they were to undertake any earthworks prior to referring, they would need to be earthworks that did not impact on a matter of NES, and certainly the University of Western Australia is very aware of the sensitivities on that site.

Senator SIEWERT—Thank you very much. I have got some more questions but I will put them on notice.

Senator BIRMINGHAM—I have some EPBC matters I would like to discuss. We will start with the north-south pipeline, or Sugarloaf pipeline—whatever it is referred to nowadays. How much water has been extracted through the pipeline to date?

Ms Webb—In the year from 1 July 2009 to 30 June 2010 the total amount of water extracted was 16.713 gegalitres. Since 30 June 2010 it has been 7.428 gegalitres. That is until 7 September, when they suspended extraction because of the recent rainfall in Victoria.

Senator BIRMINGHAM—What savings have been identified by the Victorian government to offset those?

Ms Webb—For the water year to 30 June 2010 the savings that were identified were a total of 27.79 gegalitres. For this year so far the savings identified are 10 gegalitres.

Senator BIRMINGHAM—That does not quite stack up to what was meant to be a third, a third, a third share, does it?

Ms Webb—They had a maximum of 75 gegalitres that they could put through the pipe but they never had an obligation to allocate right up to that 75 gegalitres. The obligation was to do no more than 75 gegalitres; it was not an obligation to divide by three.

Senator BIRMINGHAM—Indeed, but my understanding is that the approval was granted on the basis that of savings generated one-third would go to the environment—

Ms Webb—Sorry, Senator, I might have misled you. They were the environmental savings that were identified.

Senator BIRMINGHAM—They have been audited as part of an audit report—or at least the first lot have?

Ms Webb—The first lot have.

Senator BIRMINGHAM—And the department is obviously satisfied with the audit report?

Ms Webb—Yes.

Senator BIRMINGHAM—I am assuming that is available online somewhere?

Ms Webb—On the Melbourne Water website.

Senator BIRMINGHAM—Not on the EPBC website?

Ms Webb—No, because it is an audit report of Melbourne Water.

Senator BIRMINGHAM—I will now go to some of the applications surrounding the lower lakes in South Australia. In relation to the proposed weir at Wellington, is that application still active?

Ms Middleton—It is. We are still waiting on information from the South Australian government requested in December 2009.

Senator BIRMINGHAM—Has the South Australian government given any indication as to whether they are still intending to provide that information?

Ms Middleton—Yes, they are still intending to provide it.

Senator BIRMINGHAM—Do you have an indication as to the time line as to when that may be expected?

Ms Middleton—No, not at this time.

Senator BIRMINGHAM—Until that is received all of your time lines are open-ended in that regard?

Ms Middleton—They remain stopped. The clock remains stopped until we have that information.

Senator BIRMINGHAM—In relation to the application that surrounds the extinction of time for the existence of the temporary regulators at Clayton and nearby locations, has that application been received? What is the status of that?

Ms Middleton—Yet it has. It was referred on 18 December 2009; it was determined to be a controlled action and the level of assessment set at an environmental impact statement. We prepared tailored guidelines for the environmental impact statement which were issued to the South Australian government on 26 February 2010. We are expecting to receive the draft EIS from South Australia in the coming months for clearance to be released for public comment.

Senator BIRMINGHAM—The South Australian government is, as far as you are aware, still planning on giving you that EIS?

Ms Middleton—Yes, they are.

Senator BIRMINGHAM—Just to be clear, this is for an extension to the existence of the temporary regulators?

Ms Middleton—It is for the continuing operation of the flow regulators. Originally the flow regulators were proposed to be in place for less than two years and if they were considering leaving them in place for longer than that then they did require further assessment.

Senator BIRMINGHAM—You are expecting that EA shortly?

Ms Middleton—Yes, we are.

Senator BIRMINGHAM—And there has been no indication from the South Australian government that they might withdraw that and decide to pull out the flow regulators?

Ms Middleton—No, not at this stage. They are still indicating to us that they would like to proceed with the assessment.

Senator BIRMINGHAM—Thank you.

Senator IAN MACDONALD—I want to speak to Mr Oxley again about the marine regional plan and I would like to go back to the natural resource management groups and Caring for our Country. Mr Oxley, in answer to a question on notice from the last estimates, regarding the East Marine Bioregional Plan, you indicated that it followed a similar model to the others, which involved a broad stakeholder audience, ‘but without multi-sectoral information sessions partly due to the geographic spread and requirements of interest groups in the region.’ Without asking you to go to too much effort, is it possible for you to give me a list of all the meetings that you had in relation to the East Marine Bioregional Plan?

Mr Oxley—Yes, it is possible, but I think we might check previous answers to questions, because I thought we had given at that time quite a comprehensive list of all the parties that we have met with.

Senator IAN MACDONALD—You did. Have there been no—

Mr Oxley—There may have been a period of time between when we answered that question and the commencement of the caretaker period. I am happy for us to provide further details.

Senator IAN MACDONALD—Did the meetings stop during the caretaker period?

Mr Oxley—Yes, we stopped doing the public consultation—actually, I should not say they stopped; they were actually at their natural end at that point in time.

Senator IAN MACDONALD—Please check for me that you have not previously given me information on the east regional plan. You certainly have given details for the northern plan; would you give me a list of those that you have not already told me about?

Mr Oxley—Yes, we will.

Senator IAN MACDONALD—The east regional plan will supersede the Coral Sea Conservation Zone—is that correct?

Mr Oxley—That is correct, in that the consideration of the Coral Sea Conservation Zone will conclude and a decision will be made about the nature of marine reserves in the Coral Sea.

Senator IAN MACDONALD—But is that part of the east regional plan?

Mr Oxley—It is being assessed as part of the east marine bioregional planning process.

Senator IAN MACDONALD—Do you have up-to-date figures of what fishing there has been in the Coral Sea?

Mr Oxley—I do not have any figures on Coral Sea fishing activity at my disposal this evening.

Senator IAN MACDONALD—It is pretty small, though, isn't it?

Mr Oxley—It is. It is a comparatively small industry. My recollection is that gross value of production from the Coral Sea fisheries is in the order of \$8 million to \$9 million a year, a large proportion of which is the east coast tuna and billfish fishery.

Senator IAN MACDONALD—Yes, one wonders what we are trying to protect in the Coral Sea Conservation Zone. Perhaps we could leave it at that—time is short. Thank you. Regarding Caring for our Country, the government is committed to a review and reform of the NRM system. First of all, how are you going to engage stakeholders and communities in this review process? Has that been clarified yet?

Mr Flanigan—Our intention is that that will be quite an open, public process. At this stage we have not nailed down all the details of exactly how we will do that, but we are commencing the process with a stakeholder roundtable conversation in the middle of next month, which will both give us input to the next business plan and begin our public deliberations on the review.

Senator IAN MACDONALD—I am interested in what process the engagement with stakeholders and communities will follow. Perhaps you could take that on notice.

Mr Flanigan—I can give some general information. We intend to have a questionnaire of people who have been involved in the program. We intend to have a series of workshop meetings like the one we are having in November. We expect to produce a number of discussion papers around different issues associated with the program and its implementation.

Senator IAN MACDONALD—And you will carefully study the Senate report into these?

Mr Flanigan—Certainly. That is part of the material that we take into consideration.

Senator IAN MACDONALD—I heard a rumour that these may be rolled in with Regional Development Australia. That could not possibly be true, could it?

Mr Flanigan—There are rumours all over the place at the moment, but I am not aware of any specific proposal to that effect.

Senator IAN MACDONALD—It is the new paradigm!

Mr Flanigan—But you are aware that we have 56 regions that are quite active.

Senator IAN MACDONALD—But Regional Development Australia is about development. Natural resource management is really about managing the natural resources, so surely they could not be contemplating—

Mr Flanigan—There is no decision in that direction that I am aware of at the moment.

Senator IAN MACDONALD—And clearly this department is not recommending that.

Mr Flanigan—I have not been asked for advice.

Senator IAN MACDONALD—Can you give me, perhaps on notice, what leverage you have achieved from the states, local government and landowners in the last period? Can you give me some estimate of what that amount might be? One of the problems with Caring for our Country has been that people are competing with each other; so, whereas in the past these NRM groups could leverage a lot of outside investment by collaboration, now people have all become secretive because they are competing with each other for limited funds. So the leverage and the investment that used to be there is no longer there—or so I am told. I wonder if you have any statistics or figures that either support or challenge what I have said.

Mr Flanigan—I seriously doubt we could answer that question. There is a lot of information that would be inherent in giving an answer to that that we just would not have access to.

Senator IAN MACDONALD—What about state and local governments? Would you have access to that information?

Mr Flanigan—No. It is certainly true that Caring for our Country does not require matching funding from the states, but that does not necessarily mean that the states are not still funding activities in natural resource management areas. The ability for us to find out exactly what they are spending—

Senator BACK—I direct your attention, if I may, to the Curtin detention centre near Derby. You would be aware that the capacity of 600 asylum seekers is to be increased to 1,200 and even up to 3,000. Under the EPBC, have you done an environmental assessment of those proposed expansions?

Mr Flanigan—You are back to the EPBC Act. I will flick to my colleague at the end of the table. While we are waiting for this colleague, Senator Siewert asked a question of me earlier. I can give the answer now. Under the 2010-11 business plan open call there were 614 applications worth an estimated \$277 million, 168 projects worth approximately \$60 million have been approved in the first round and there are approximately 67 projects worth approximately \$27.8 million on the reserve list.

Senator SIEWERT—Can you take on notice why only four of the WA regions have been funded on the website? I have just looked on the website and see it is only four of our six regions.

Mr Flanigan—All of your regions would have received their base-level funding, but I will check that.

Senator SIEWERT—Only four of them are on the website.

Mr Flanigan—I will take that on notice.

Senator SIEWERT—Thank you.

Senator BACK—Have you done any environmental assessments under the EPBC Act for expansion at the Curtin detention centre?

Ms Middleton—We have received no referral for the expansion. The EPBC Act relies on the proponent making a determination as to whether or not they believe their action is likely to be significant, and the obligation is on them to initiate the referral through our system. To date we have not received one.

Senator BACK—You would not be aware of a proposal for, I understand, the establishment of an aquaculture development as part of the Curtin detention centre. Should you become aware of that, would that create a catalyst for an assessment under the act?

Ms Middleton—Again, it would depend on the proponent putting forward a referral under the EPBC Act. We would then undertake an assessment to determine if the action was likely to be significant on the matters that are protected.

Senator BACK—So if a proponent does not put in an application you do not proceed at all under the act?

Ms Middleton—If we were aware of something that we believed was likely to have a significant impact but that had not been referred then our compliance area would generally make contact with that proponent. If it was likely to have a significant impact we would seek a referral, or if the action had been undertaken and the impact was determined to be significant then we would follow the usual compliance and enforcement protocols.

Senator BACK—Have you had any informal discussions at all with the department?

Ms Middleton—No, we have not.

[10.45 pm]

CHAIR—We are moving onto outcome 5, program 5.2—Conservation and protection of Australia's heritage.

Senator ABETZ—I was told in the May estimates that vibration monitoring equipment was to be installed on the Richmond bridge by the end of June. Did that happen?

Mr Shevlin—No, it did not. We have been in contact with the Tasmanian Department of Infrastructure, Energy and Resources, who are responsible for this. They have advised that they have had some technical problems, particularly with things like power supply and exactly how they are going to locate it. Their advice now is that that will be installed in December.

Senator ABETZ—What a minute—we have had vibration monitoring equipment on this bridge before, have we not?

Mr Shevlin—Not that I am aware of. The project was partly to install that.

Senator ABETZ—So have we let the tenders yet for the supply and installation of this?

Mr Shevlin—The project is managed by the Tasmanian department. I understand that the tenders were let on 20 August and closed on 29 September. They expect to appoint a contractor in the next few weeks.

Senator ABETZ—And how long will the monitoring will be going for?

Mr Shevlin—It will be an ongoing thing.

Senator ABETZ—Permanent. How will the permanent vibration monitoring and laser scanning of the bridge ensure that it is going to be conserved?

Mr Shevlin—The vibration monitoring will give information about whether there is likely to be damage occurring, because it is related, as you have asked in the past, to both speed and load.

Senator ABETZ—Yes, it has been dragging for years and if there is a problem then we will undoubtedly have to advertise again and delay again to determine what is going to happen to it. I do not blame this department; it seems that the state department has a responsibility here.

Mr Shevlin—I assure you that we continue to encourage them to move as quickly as possible on this one.

Senator COLBECK—I just want to ask about the schedule for the assessment of the Tarkine that had an emergency listing placed over it last year.

Mr Shevlin—The requirement is for the minister to make a decision by 9 December. He has to do that under the legislation. The Australian Heritage Council has to provide its advice to the minister by 29 October.

Senator IAN MACDONALD—It has not supplied it yet?

Mr Shevlin—No.

Senator COLBECK—What is the circumstance if the minister does not make a decision by that date?

Mr Shevlin—If the minister does not make a decision the place is removed from the list.

Senator COLBECK—Can you provide us with a full list of stakeholder meetings that have occurred as part of the process?

Mr Shevlin—I will have to take that on notice. I can tell you how many submissions there were but I cannot tell you who is on the list.

Senator COLBECK—That was my next question so you are pre-empting nicely. How many submissions did we get?

Mr Shevlin—There were two submission periods. One was a public comment period when 88 submissions were received in January 2010, and 160 submissions were received when we did the owner-occupier consultation where we have to contact those who either own or occupy land in the area.

Senator COLBECK—That takes in all owners and occupiers within the boundaries of the zone?

Mr Shevlin—That is right. I am not saying that all of them submitted, but that is how many we received.

Senator ABETZ—Is the zone actually the farm? I thought that was one of the issues.

Senator COLBECK—I was going to come to that. There is a boundary under the emergency listing, and the definition of the final boundaries would be made under a final decision.

Mr Shevlin—That is right.

Senator COLBECK—Can you again take on notice to provide the cost of the assessment process and the anticipated final cost?

Mr Shevlin—Certainly. It would be easier to take that on notice.

Senator COLBECK—In the assessment process, for example, how many mine sites would be a trigger for regarding the area as a pristine site? How many mine sites would be considered to regard the site or the locality of the region as a pristine region?

Mr Shevlin—The Heritage Council in looking at potential national heritage values for the place looks at a whole range of things. Some are about wilderness, some are about other natural values and some could be about the geology of the place. There are a whole range of issues there.

Senator ABETZ—In vast areas of this Tarkine, the explorers actually burnt it all so that they could see the mineral outcrops for the purposes of mining. Most of the rivers have been permanently altered as a result of the mining activities. There is huge human interference and yet we hear all this wonderful language about it being pristine and aesthetically pleasing.

Senator COLBECK—My understanding is that there is something in the order of 200 mine sites within the current boundaries, and I am wanting to know how that fits within the consideration process.

Mr Shevlin—All of that information—and we have had a number of submissions from local councils which actually have set that out very coherently—is taken into account by the Australian Heritage Council in making its assessment and all of their comments are also provided to the minister in making his decision.

Senator LUDLAM—I have some questions about the so-called Burrup and so-called Kimberley national heritage listings as well, so if we could go to those and maybe we will take them in that order. For the national heritage listing of the Burrup Peninsula, which I think was concluded in 2007, can you tell us what are the current management arrangements in place for that area, I guess with a view towards Commonwealth arrangements in particular?

Mr Shevlin—There are a number of conservation agreements in place with some of the companies involved, particularly Woodside, but there are discussions underway at the moment between the department and the WA government on the development implementation of an Aboriginal heritage management plan for the Dampier Peninsula. That work is being led by the WA Department of Indigenous Affairs.

Senator LUDLAM—It has been three years since the area was listed and we do not have a management plan yet so, until that does exist, what happens with acts of vandalism, theft or graffiti, which are semi regularly reported as damage to the petroglyphs on the peninsula?

Mr Shevlin—Any area there is part of the national heritage listed areas and part is protected under the EPBC Act, so any allegations of those sort are investigated.

Senator LUDLAM—Investigated by whom? If I am a tourist and I stumble across a site that has been vandalised, which happens fairly regularly, who should I report it to? Who do I phone?

Mr Shevlin—You could let this department know or obviously the WA Department of Indigenous Affairs as well.

Senator LUDLAM—Who is the lead agency in the case of vandalism if inside a national heritage boundary?

Mr Shevlin—If in doubt, you can let us know.

Senator LUDLAM—Do you have any materials or any personnel there? How would people know that you are the agency to call?

Mr Shevlin—We do not because it is WA territory; it is part of the state of WA.

Senator LUDLAM—But it is a national heritage site. Is there any signage, any promotional materials or anything?

Mr Shevlin—I am not aware that there is any signage there at the moment, no.

Senator LUDLAM—So we are kind of invisible three years after it was listed. What does the national heritage listing actually mean in practice, three years after the listing took place, as far as the Commonwealth is concerned?

Mr Shevlin—In practice, it limits any future development that might occur in that area to areas that are obviously not part of the national heritage listed area. In effect, of the area that the Australian Heritage Council identified as potentially having national heritage values in that area, about 99 per cent I believe was ultimately protected under the listing. I think that is the major impact.

Senator LUDLAM—There is a national heritage application in play at the moment for the Kimberley which was reduced to cover a large fraction of the West Kimberley. Can you provide us with an update of where that is up to?

Mr Shevlin—The Heritage Council was required to provide its advice to the minister on the West Kimberley by 30 June which it did. The minister, under the EPBC Act, has 90 business days—which is until 5 November—to make a decision or to extend the period for making his decision, which could be, for example, if he decides that further consultation is required.

Senator LUDLAM—So we will see some sort of announcement, come what may, around 5 November?

Mr Shevlin—That could include that the minister has made a decision to provide further time.

Senator LUDLAM—Yes, or it could be a decision and a listing.

Mr Shevlin—That is right.

Senator LUDLAM—I understand that there are 337 places on the Commonwealth Heritage List and all of them are required to have management plans under the EPBC Act. Is that the case?

Mr Shevlin—The Commonwealth has to use its best endeavours to encourage the development of a management plan.

Senator LUDLAM—That sounds a little feeble, to be honest. Are they required under the act or not? ‘Best endeavours’ is the language used in the act?

Mr Shevlin—Yes.

Senator LUDLAM—How many of those management plans have been finalised?

Mr Shevlin—Of the 89 places we have on the list, 40 have plans that are finalised under the EPBC Act itself and a further five have draft plans that currently we are reviewing. There are about 24 places that have plans in place that were not made under the EPBC Act but that we believe provide entirely adequate protection—they were just made under state or territory legislation. There are 12 places that at the moment have plans under state or territory legislation—but we do not think they provide full protection for national heritage values yet.

Senator LUDLAM—Could you table what you are reading or as much of it as you are able to? That might be helpful.

Mr Shevlin—There is a whole lot of other information in there as well.

Senator LUDLAM—Could you table whatever is directly relevant to the question—some kind of breakdown of the progress to date of management plans? That might be handy rather than reading them out one by one because time is fairly short. Is an evaluation report yet available on the heritage projects that were supported by the Jobs Fund as part of the stimulus package that related directly to heritage? Will we get a final rundown of what projects were supported and what the outcomes were for each of those?

Mr Shevlin—I think in the answer to a question on notice we provided a weblink to the list of all of the projects that were supported so you can easily find that information. In terms of the outcomes, about 50 per cent of the projects are completed now and the rest will definitely be completed during this financial year. Obviously as they are completed we get their reports. We will be doing a review of the success of the program and the lessons to be learnt from it. We are currently developing the terms of reference for that review.

Senator LUDLAM—I guess that is what I am after.

CHAIR—Senator Ludlam, it is now time to adjourn.

Senator LUDLAM—I have another 11 seconds. What is happening with the Ningaloo Reef World Heritage Area?

Mr Shevlin—The IUCN assessors visited in the last couple of weeks. They are now going back to prepare their report for the World Heritage Centre so we are expecting that that will be considered at the World Heritage Committee meeting in June next year.

CHAIR—Thank you. That concludes the examination of this outcome of the Sustainability, Environment, Water, Population and Community’s portfolio. I thank the minister and officers for their attendance.

Committee adjourned at 11 pm