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COMMITTEE

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(Additional Estimates)

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SENATE ENVIRONMENT AND COMMUNICATIONS**LEGISLATION COMMITTEE****Monday, 21 February 2011**

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, 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, Birmingham, Boswell, Cameron, Eggleston, Fisher, Humphries, Ludlam, Macdonald, Mason, McEwen, Milne, Nash, Payne, Siewert, Troeth and Wortley

Committee met at 9.05 am

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

Senator Wong, Minister for Finance and Deregulation

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

Mr Blair Comley, Acting Secretary

Mr Martin Bowles, Deputy Secretary

Mr Geoff Leeper, Deputy Secretary

Ms Jenny Wilkinson, Acting Deputy Secretary

Outcome 1

Mr Andrew Bailey, First Assistant Secretary, Renewables Energy Efficiency Division

Mr Ross Carter, First Assistant Secretary, Regulatory Division

Ms Louise Hand, First Assistant Secretary, International Division

Ms Anthea Harris, Acting First Assistant Secretary, Climate Strategy and Markets Division

Ms Deborah Lewis, Acting First Assistant Secretary, Governance and Program Support Division

Mr Nico Padovan, First Assistant Secretary, Home Insulation Program Review Office

Mr Trevor Power, Assistant Secretary, Analysis and Projections Branch

Ms Alex Rankin, First Assistant Secretary, Demand Driven Programs Division

Mr David Rossiter, Chief Adviser, Regulatory Division

Ms Harinder Sidhu, First Assistant Secretary, Adaptation, Science and Communications Division

Ms Shayleen Thompson, First Assistant Secretary, Land Division

Ms Clare Walsh, Chief Adviser, International Division

Ms Bernadette Welch, First Assistant Secretary, Corporate Support Division
Mr Chris Johnston, Assistant Secretary, Renewables and Reporting Branch
Mr Robert Twomey, Chief Financial Officer
Mr Anthony Swirepik, Acting Assistant Secretary, Adaptation Innovation Branch
Mr James White, Acting Assistant Secretary, Strategy and Market Linkages Branch

Office of the Renewable Energy Regulator

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

CHAIR (Senator Cameron)—I declare open this public hearing of the Senate Environment and Communications Legislation Committee. The Senate has referred to the committee the particulars of proposed additional expenditure for 2010-11 for the portfolios of Broadband, Communications and the Digital Economy; Climate Change and Energy Efficiency; Sustainability, Environment, Water, Population and Communities; and other related documents. The committee has set Friday, 8 April 2011 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 and 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:
 - (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.

CHAIR—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 MP, and portfolio officers. I also want to place on record the committee's thanks to Dr Martin Parkinson, who will replace Dr Henry as Secretary to the Treasury, and also acknowledge Mr Blair Comley, who is the new departmental secretary for this portfolio. Congratulations! Senator, would you like to make an opening statement?

Senator Wong—No, thank you.

CHAIR—Mr Comley?

Mr Comley—No, thank you.

[9.07 am]

Department of Climate Change and Energy Efficiency

CHAIR—Are there any general questions, Senators?

Senator MILNE—I would like to start with the state of the international negotiations. Could you give an outline of the negotiations on the land use, land use change, forestry and REDD, where we got to in Cancun and what points of decision would we expect to reach in Durban? What is your view about the prospects of reaching any decision on those in Durban?

Mr Comley—I will just give a general point about Cancun to Durban and then perhaps we will go into the specifics of the land use question. As you are aware, the key outcome of Cancun was a conference of the parties decision, which is now referred to as the Cancun Agreements. I think the most likely outcome at this stage, leading into Durban, is a similar conference of the party outcome on the specific issues. Whilst it is not impossible, a legally binding outcome in Durban that would go beyond a conference of parties assessment does not seem the most likely outcome. In terms of the land use issues in Cancun, there was some progress, but I will pass over to Shayleen to elaborate in more detail.

Ms Thompson—As the secretary said, it is the case that some good progress was made on the land use, land use change and forestry negotiations in Cancun. I think probably the most significant outcome regards the two issues that are quite important to Australia in the context of those negotiations. The first issue is mainly on how forests that are currently outside the Kyoto account can be drawn into that accounting framework by use of what is known as the forest management reference level. The forest management reference level, for the first time, sets up an approach whereby countries will be able to get credit for action to increase the sequestration capacity of their forests measured in effect against a baseline. This issue was highlighted in the decision at Cancun as one of the foci of negotiation in the coming year.

The other issue that was identified as an area for focus in the negotiations was what is known as force majeure treatment. What that actually is seeking to do, and it is something that Australia has been working quite hard on with a number of other developed countries, is in effect to ensure that emissions that are not the result of human activity but are in fact the result of natural disturbance and other natural phenomenon can actually be excluded from the accounting framework. We believe this is quite important because it means that parties will be able, for the first time, to draw other activities and land uses into the accounting framework.

Senator MILNE—Regarding the first one in terms of the projected baseline issue, how are you going to guarantee there is integrity in the additional aspects of that, because if governments make decisions to protect forests for whatever reason, it is not necessarily a decision for which the carbon would be additional to what would have occurred under business as usual? So how are you going to differentiate that?

Ms Thompson—One of the key means by which parties will be able show that they are getting benefit for change management practices rather than the things that they are already doing is by the requirement that the reference level be attached to a 2009 baseline. That means that you will not be able to get credit for past management actions that would have happened anyway but it does mean that, looking forward, if countries do take action to improve the carbon sequestration performance of their forests and reduce emissions, then they will be able to get benefit from that towards meeting their target commitments.

The other thing I think is quite important in this context is that parties have agreed that the reference level needs to be extremely transparent and robust. People are negotiating on a review process that will be similar in some ways to the review process that the UN already pursues for looking at parties' national inventory reports. There are arrangements being put in place to ensure that those independent reviews happen in the first part of this year, assuming that those negotiations on the rules for that approach go well.

Senator MILNE—A number of bushfires in Australia are deliberately lit and a number are a result of lightning strike and so on. How are you going to differentiate between a force majeure fire that is deliberately lit and one that just occurs because of a lightning strike in the context of when you declare a force majeure and therefore it is outside your accounting rules?

Ms Thompson—My understanding is that the negotiations have not actually drilled into that level of regularity at the moment. That said though, I think it is fair to say that even in cases where fires are deliberately lit, the emergency services and other groups across Australia make every effort, clearly, to put fires out as quickly as they can.

I think it is important to look at the management regimes that sit alongside these things. That said though, again arguably people deliberately setting fires is something that is outside countries' control and certainly not something that anyone would want to contemplate doing as a way of excluding emissions from an accounting frame under Kyoto.

Senator MILNE—I was not implying that countries would facilitate arson. I was more going to the point that you would exclude a force majeure if it is not human induced, such as drought. Clearly you cannot instigate drought, but you can light a fire. I was really going to that question. Also, what measures will be required by various state governments and authorities to step up those kinds of issues and what will the penalties be? On this issue of the loss of carbon from extreme weather events, whether it is a force majeure or not, under the carbon farming initiative, for example, how did you come up with the five per cent as the buffer?

Ms Thompson—That was a decision that we took after looking at the issues. We think that is a sensible approach to implement for carbon farming. The government did say though in its consultation paper on the carbon farming initiative, *Design of the carbon farming initiative*, that we would keep the risk of reversal buffer under review. If it transpires that that buffer is not set at the appropriate level then it would be something that people would look at.

Senator MILNE—If you can just take me through: what was the process of determining the five per cent reversal buffer? Was there a scientific assessment? Was there a stab at five percent? How did we come up with five per cent?

Ms Thompson—I think the first point to acknowledge about the risk of reversal buffer is that it is something that would apply to biosequestration projects across the whole scheme. All the credits that relate to something like a reforestation project under carbon farming would be subject to this risk-of-reversal buffer. That means that it is an approach that applies across everyone that is participating in the scheme. It is different from an approach that others have suggested whereby proponents would be allowed to put in place their own risk arrangements; we are setting something that goes across the whole scheme.

In order to come to your question, as you probably know, the department has a lot of expertise in carbon accounting. It is something that we have been doing for a very long time now—about 15 years. We used our expert judgement to determine that this was an appropriate level for the risk-of-reversal buffer.

Senator MILNE—So you used the expertise of the department to determine five per cent, based on what?

Ms Thompson—Based on our view as to what a reasonable approach would be.

Senator MILNE—So, in other words, there is no scientific backing for five per cent; it could equally have been 10, 15 or 20. It is just the judgment of the department based on its experience?

Ms Thompson—And the fact that it is an approach that will be applied across the whole of the carbon farming initiative.

Senator MILNE—Yes, I understand it is a whole-of-landscape base and so on. But my issue is: why five? Why not 10? Why not 15? You came up with a number and there is no rationale for it.

Ms Thompson—I am not sure I would entirely agree with that. As I say, it is an approach that was determined by the department based on its expert judgment of what the risk was likely to be for this measure. I should add too that it is not the only approach for dealing with the risk of reversal under the carbon farming initiative. It is actually one of several approaches that we will be putting in place in the legislation. I would be quite happy to run through those for you if that would assist.

Senator MILNE—No, I just wanted to understand what the rationale was for that.

Mr Comley—I think Ms Thompson has provided a fairly full answer but it is probably worth saying that, in that risk of reversal, it was not a straight scientific question because we were also trying to get a sense of how commercial entities will behave over time. That judgment has to include not just a pure science assessment of what is likely to happen in land use issues but also, for example, whether it is likely that proponents of the scheme will become bankrupt and then not discharge obligations they formally have under the act. In arriving at that five per cent there is a trade-off between conservatism and caution, which is about how much abatement you actually have, but also providing sufficient incentives for those that intend to fully execute their plan. I accept the comment and it is true that it is a judgment that balances all those areas and, as Ms Thompson said, it will be kept under review as the scheme rolls out to see whether that is sufficient over time.

Senator BOSWELL—Could someone give me an explanation of what carbon farming is and how it actually works?

Ms Thompson—We would be very happy to do that. The carbon farming initiative is a legislative scheme that was an election commitment at the time of the last election. It sets up a legislative framework for allowing farmers and other landholders to create what are known as carbon offsets from activity on their land.

Senator BOSWELL—Thank you. I understand.

CHAIR—Any further questions under the area of general questions?

Senator MILNE—We can go to the specifics if you want to. Can I just ask a couple of questions about the department at the moment under this?

CHAIR—Yes.

Senator MILNE—Could you just give me an update. Subsequent to the rejection by the parliament of the carbon emissions reduction scheme, the department had some changes in

personnel relating to sections that were set up to oversee the implementation of the legislation. When it did not proceed, they were dismantled. Can you explain to me how many people the department recruited for specific tasks under that and whether they are still in the department or whether they have been deployed to other sections of the Public Service and where those sections are?

Mr Comley—I will throw to Mr Leeper in a moment if he wants to elaborate. It is probably worth thinking about that in the lead-up to the Carbon Pollution Reduction Scheme there were two types of skills within the department that we utilised for that process. One you might describe broadly as policy skills, so the policy advising leading to the legislation et cetera. That is always, whilst very intense work, a relatively small number of people. Even at its peak it would have been 50 or 60 people involved in that, including the legislative development. The more substantial part was establishing what was to become the ACCRA, the Australian climate change regulatory authority. That was intended to build up to around 300 people. At the time the CPRS was deferred it was not quite at 300; it would have been more like 220 people in that area. That was essentially the regulatory body. When the CPRS was deferred, the proto-ACCRA, if you like, was disbanded. Significant parts of ACCRA still had an ongoing function, and the most obvious of that was the National Greenhouse Energy Reporting System, NGERs. So the greenhouse and energy data office that runs NGERs was part of ACCRA. There were also some corporate, audit and compliance activities that still continued.

Broadly speaking, the number of people that were sitting within ACCRA but had an ongoing function was around 100 and around 120 needed to be redeployed within the rest of the department. We went through a process where we progressively placed people around the department. Some people voluntarily left because they decided that they had come to join ACCRA et cetera. That was essentially the process that we went through at that time.

In the funding arrangements, there was funding retained for some of the policy work on the basis that there would always be some work required on carbon pricing. That essentially sits within Ms Wilkinson's group now at the moment, which looks at carbon pricing. Some of those staff are now working on supporting the Multi-Party Climate Change Committee in that work.

Senator IAN MACDONALD—I was just curious in a general, across-the-board way from the department. There have been some claims made, and I am precisising it, about coalmines causing the Queensland floods. Has the department looked into those sorts of claims or does it have a view or does it have that same concern? I am wondering just generally if the department looked into those claims when they were no doubt made public, and did it respond?

Mr Comley—Senator, the department did not specifically look at the link from one source of emissions for a particular event. But at the time of the floods and cyclone there was much commentary about whether there was a link to climate change in general. In that process, we consulted with the department of science adviser for advice as to what link there was, if any, between climate change and extreme events such as Cyclone Yasi and the floods.

Senator IAN MACDONALD—We might come back to that. I am just curious. No doubt the department would have received through the normal circumstances a list that I tabled in the Senate, which sort of listed major climatic events since European settlement of Australia. Would someone in the department be aware of that list?

Mr Comley—I am not familiar with it, Senator, but I am sure someone in the department is.

Senator IAN MACDONALD—Has the department double-checked that to make sure that it is accurate?

Mr Comley—Senator, I do not know that I can take that on notice, but I suppose the general point in coming to the nature of the advice that we received, and I think has been in the public domain from various scientists, has been that it is generally not possible to link a specific event to climate change in general. What climate change, and particularly an increase in temperatures in the oceans and the atmosphere, does increase the likelihood or severity of some events but you cannot precisely say, ‘This particular event is related to climate change,’ as I understand it, as a non-scientist. You are looking, essentially, at the probability of that event occurring or the severity of that event once it occurs.

Senator IAN MACDONALD—It has been reported that Cyclone Yasi that crossed just south of Innisfail, at Tully, has been the biggest cyclone ever since a cyclone hit Innisfail in 1918. Do you know if that is accurate?

Mr Comley—I do not know if that is accurate. I do not know if we have someone here who does. I do not know if that is accurate.

Senator IAN MACDONALD—Would that not be sort of relevant to your general climate change duties—to try and understand whether man-made carbon emissions, for example, were increasing the severity of things like cyclones? As I say, there has been commentary that Yasi was the biggest cyclone ever. There are other comments that are saying that it is the biggest cyclone since 1918. Then there is other commentary suggesting that the cyclone that hit Port Douglas in, I think, the late 20th century and killed, from memory, 400 people, was perhaps an even greater event. I say this as someone who lived through the fringes of Yasi and do not want to in any way downgrade its extent—the severity and the damage it has caused. That is an issue for other estimates, of course, and other committees. I am just interested in your department’s view on those sorts of issues. A lot of your being, I guess, is to say that man-made activities are changing the climate of the Earth and because of that we are getting bigger floods in South-East Queensland, bigger floods in Western Australia, bigger floods in Victoria and cyclones of greater severity. Yet there seem to be facts coming out that suggest that they, whilst horrendous, are not new. I thought your department might be interested in that so that you could advise the government on these general appreciations.

Mr Comley—We are interested in it, Senator. I return to the answer I gave before which essentially is that my understanding of what all climate scientists would say is that attributing one event, whether it is a large event or a small event, is not the way you assess the scientific evidence as to whether climate change is (1) occurring and (2) human-induced; that you have to take the climate as whole and over much longer periods of time. In fact when Professor Steffen appeared before this committee either the last time or the time before, he actually

made a comment which sticks in my mind. He is sceptical of any data related to climate change that does not run for at least two and probably three decades, because of the nature of the gradual change. Therefore, whilst a lot of people will look at specific events and make links to climate change, I think that the measured consensus of scientific opinion says that you should not look at a particular instance—whether it is a hot summer, a cold summer, a flood et cetera—but at the whole climate record over reasonable periods of time. It is not that we, as a department or I personally, are not interested in these questions, but we would not, in any way, want to say that one event is proof of climate change in the same way that a cool summer or a cool winter in some part is proof of that.

Senator IAN MACDONALD—I understand that. I can understand that the department may not have taken much notice of anything I might have said in the Senate chamber. My purpose in tabling this document in the Senate chamber was that it did list a series of climatic events since European settlement. I was hoping you might have the list here and I was hoping I might have it, but I have not. My recollection of the list was that every year, or at least every two or three years, there are two or three cyclones on the Queensland coast or around the top. This is why I am interested in whether you agree it is accurate or not. It may not be accurate. Quite frankly—and I think I said it in the Senate—I got it off the internet. My staff did go through it as best they could by Googling issues, and it seemed to be accurate. You would have more resources than I have to check that out. Every year since European settlement there have been one or two or three major climatic events. I agree with what you were saying before that you really do have to look at the spectrum. The spectrum, according to this list, seems to suggest that these major climatic events are not new. Certainly my history—it is getting longer these days—and my own experience tell me that each year you do have a series of cyclones; they go in cycles, I say. Where I live you have two or three severe cyclones in a period, and then you have nothing for 10 years, thankfully. I am just wondering if your department, in its role of getting the facts and advising the government, has been looking at those sorts of things.

Mr Comley—We continually review the state of the science. In fact, not a couple of weeks ago after taking over in this role in an acting capacity I sought a briefing from our science team. I asked them the question, ‘How do we in fact keep across the developments in the science?’ The summary answer is that we do try and keep abreast of the peer-reviewed scientific literature as it relates to climate change, which of course is a process that tries to take hypothesis observations that many people, both scientists and nonscientists make, and subject it to rigorous scrutiny. That team follows the peer-reviewed scientific literature and obviously both take the results and, in some cases, inputs into the IPCC process, which is a rigorous process that has, from recollection, between 2,000 and 3,000 scientists globally engaged in that process, including a further peer review process. I am happy for us to take it on notice to look at that list and provide any analysis or commentary we have. But in general, our approach to assessing to the state of the science is to go back to the peer-reviewed literature, the synthesis of the peer-reviewed literature that comes out of the IPCC and various academies of science, and use that as a basis for forming judgments about feeding into the policy process and informing the public.

Senator IAN MACDONALD—Do you know if your science advisers talk to or get their knowledge from scientists who do not actually comply with the most publicised view of scientists? For example, there are a couple of scientists at James Cook University in Townsville, a very good university with very good scientists. I mention no names, but one of them—

CHAIR—Senator Macdonald, is that sound from your laptop? It has now stopped.

Senator IAN MACDONALD—Yes, I am sorry. Unfortunately, the government has not got enough money to repair my computer, so we have to put up with these sorts of—

CHAIR—It is all that googling you are doing.

Senator IAN MACDONALD—Yes, it is, indeed. I am sorry to Hansard, particularly, and to the committee. It has gone now.

I have spoken to scientists who cannot get their work peer reviewed because the people who do the peer reviewing do not want to see these ideas—this is work on climate change and the Barrier Reef, I might say. With your department not being a scientific organisation as such, do you insist that your officials actually talk to those who are well respected—and, I might say, make a lot of common sense—but sometimes cannot get into the scientific journals?

Mr Comley—Before I come to that question, the premise that it is impossible to get some work of scientific quality peer reviewed in some journals seems to me a little at odds with two things. The first is, admittedly, not in the physical sciences, but my experience previously in social sciences is that there are a plethora of journal outlets that have peer review that take different positions across the world. I think that is true of pretty well every discipline. Whilst it may be, in some cases, difficult to be published in some journals, the idea that there is a monolithic peer review institution that you cannot get into does not accord with my understanding of the academic environment. That is the first point.

The second point is that certainly our science adviser—and our direct science adviser until recently has been Professor Will Steffen—is certainly across the works of what you might describe as people not accepting the view of, for example, the IPCC. I have actually had some discussions with him about particular scientists, where he has commented on going through some of their publications and noting the number of clear errors, in his view, in those publications. It is also I think true that in discussions with our science team they are well aware of the arguments put forward by those dissenting from the view within the IPCC and other academies of science.

Could I say that the members of our team have comprehensively engaged in face-to-face discussions with all the people who may have taken a different view to the consensus? I could not say that. Have they made themselves aware of the principal counterarguments to the central tenets of climate change science? I think the answer to that would be yes.

Senator IAN MACDONALD—Are your officials available to speak to some academics who have indicated to me they have difficulty in getting their point of view across to the department? Whether that is true or not, I am not arguing that case at the moment. Could I get

your assurance that your senior relevant officials would be available to talk to any scientist who has a view that perhaps that scientist thinks is not getting through?

Mr Comley—Yes. Maybe if we go back a broader step; the department, from its inception, has always taken essentially an open door policy to engaging with members of the community and stakeholders who want to come through the door. The only qualification I would make is that, as in all organisations, when we have requests for meetings, at some level—as I am sure you do yourself when you manage your own diary—there needs to be a little bit of triage in terms of the level, timing et cetera. The general policy of this department has always been to take an open door policy to stakeholders. Certainly, in my experience, in the areas for which I have been accountable to date, I cannot recall a time where we have refused to have an engagement with a stakeholder.

Senator IAN MACDONALD—Thanks for that, that is good, and I will pass that on. Again, there has been a lot of commentary in the paper and a lot of responses from everybody. You will recall that a lot of prominent people, including some in this room, were saying things like, ‘So even the rain that falls is not actually going to fill our dams and our river systems.’ That was a quote from a prominent Australian. ‘Over the past 50 years southern Australia has lost about 20 per cent of its rainfall. One cause is almost certainly global warming, evidencing how a warmer world is a wetter world.’ ‘The first drought in Australia where the impact of human induced global warming can clearly be observed’; that was talking about recent droughts. Now, two or three years on, in view of the enormous rain we have had in various places throughout Australia, are those statements being re-looked at to see how precise and learned were the statements made by those people as recently as two or three years ago?

Mr Comley—First of all, it almost comes back to where we started this discussion, which is that heavy rains of the last year or so do not necessarily invalidate or tell you an enormous amount about what is the overall impact of climate change over a long period of time. One has to be very careful not to extrapolate from individual events to a particular outcome.

The second point, which I think is very important with respect to the science, is that my understanding of the science is that the confidence with respect to scientific outcomes at the global level is almost, invariably, greater than the confidence one has as soon as you go to more subregional levels. The further disaggregated you go, the less confident you can be about particular predictions. That is why, in the peer reviewed literature and in the IPCC synthesis, there is a much greater degree of caution about the extent to which you can draw firm conclusions about subregional effects. Indeed, when you look at the IPCC documents, the IPCC is very clear to talk about the level of confidence that it can have of particular events. For example, the proposition that the Earth is warming and that it is induced by human activity is described as very likely, which is at or above a 90 per cent confidence level that that is occurring, on the basis of the peer reviewed science that was made before the fourth assessment report. When you go down to the subregional effects, whilst you would have some science that indicates that there are particular subregional effects, often you will find that the confidence levels are described as likely or possible, rather than very likely, because they are applying that very, very strong scientific test of a 90 per cent probability of that event occurring.

My understanding of the issue you raise of the impact of reduced rainfall in southern Australia is that the evidence is very strong that there is a climate change link to south-western Australia's rainfall changes. The evidence for south-eastern Australia is more mixed—that is, it certainly does not get to that 90 per cent confidence level in terms of the impact of climate change. That is not to say that there is not some evidence, but, if you go to, in a sense, that gold standard of a 90 per cent confidence interval, then there is some research that indicates that it does, and some research that is less clear on the extent of a climate change signal in that area.

Can I just add one other thing. One of the difficulties we grapple with, I think, as a community in this area is that we are discussing an area where many people are searching for certainty but what we actually have is a risk assessment and risk statements on the way through. My experience in dealing with a number of areas of public policy where risk is involved is that it is very hard to communicate the message in a way that people have a sense of it, without overcomplicating it in a way that loses clarity of message. I think that all of us engaged in the area of climate change or anywhere, in fact, where risk intersects with public policy, have a genuine communication task as to how to translate that scientific literature into the public discourse.

CHAIR—Senator Macdonald, can I get you to wind up because there are other questions.

Senator IAN MACDONALD—I mentioned the cyclones being the biggest ever to hit Australia since 1918. Of course, the flood that hit Brisbane was the biggest ever since 1974. From what you are saying to me, you take the 1974 flood and the current flood and use that as your basis. Clearly, the floods are going to come.

Mr Comley—Sorry, Senator, I do not think I said that at all.

Senator IAN MACDONALD—Didn't you?

Mr Comley—No. I said that things like a rainfall event associated with a flood in 1974 or this year are just one of the set of data points that go into a full climate record. So the idea that any one particular event forms a baseline in any particular analysis does not capture the sense of—

Senator IAN MACDONALD—We are in agreement. Sure, this flood in Brisbane does not set the trend but perhaps this flood and the one in 1974 do—that is, there has not been much change, has there? I would love to quote the prominent people in this room—but the chair has indicated that perhaps I should move on—referring to a 25 per cent reduction in rainfall in the southern part of Australia. That was said as recently as two years ago by a very prominent person. Go down and talk to people in the southern part of Australia at the moment and see what they think about the rainfall lessening. I appreciate we could chat all day about this, but I am asking: is your department looking at these widespread events and the number of very prominent scientists who are pointing out that this is the coldest winter in the northern hemisphere, I think, in living historical memory and questioning, effectively, one might say, the rationale or *raison d'être* of your department even? Are you looking at all those sorts of things?

Mr Comley—We look at all those. But I come back to the point, for example, that the IPCC with its rigorous peer review processes and recent data—for example, from the World

Meteorological Organisation—is still showing a very, very clear warming trend throughout all the data.

Senator IAN MACDONALD—I have a lot more on that, but I appreciate that there are other senators who have questions to ask. Would I ask here about the appointment of Professor Tim Flannery to some important role advising the government? Is it appropriate here to go through what Mr Flannery has said about climate change, most of which is now laughable in view of other events? I wonder if this general area is the time to question it or some other time.

Senator Wong—We are in the Chair's hands. I put on record that I do not accept the construction you have just given to Mr Flannery's comments.

Senator IAN MACDONALD—Perhaps I should not have been judgmental.

Senator Wong—Senator, your views on this are well known. You are someone who does not accept the reality of climate change; you are entitled to that view. That is not a view—

Senator IAN MACDONALD—Minister, please do not verbal me.

Senator Wong—Sorry, I thought that was—

Senator IAN MACDONALD—Every estimates you try to verbal me, and every estimates I make my position very clear, which I will do again as soon as you are finished.

Senator Wong—I think your position is that you do not accept any human contribution to climate change.

Senator IAN MACDONALD—As soon as you are finished I will tell you for the 15th time what my position is, which you continue—

CHAIR—Senator Macdonald, maybe if you let the minister finish you can get to that and then we can move on.

Senator Wong—The government does not share your view and, frankly, I would suggest to you that the consensus, or the majority of scientists with relevant expertise, do not either. I would make the point that my recollection—and obviously I am not in this portfolio anymore—is that the last decade was the warmest decade on record. Globally, I think January was the warmest January on record. It may be that in 20 years time people look back and say Senator Macdonald was right. It may be that the majority of scientists with relevant expertise who have been telling us this phenomenon is occurring are, in fact, right.

Senator IAN MACDONALD—Thanks, Minister. I have told you this many a time, but I do not expect you to put in the front of your mind my views on anything. My view has always been that of course the climate is changing. I have read about when the earth was covered in ice; so clearly the climate continues to change on our earth. Long before man had any impact on it, it was changing. I accept that the climate is changing. I also say that the majority of scientists seem to disagree with the IPCC—

Senator Wong—We do not agree with that.

Senator IAN MACDONALD—We can have an argument on whether it is the majority or the minority, but there is certainly a lot of scientific doubt. I ask—and I make it clear that I am not a scientist—if the clever scientists of this world cannot agree, what chance have I got to

say whether or not it is human-induced? My position has always been that Australia should not be leading the way and destroying our economy whilst the big emitters—

CHAIR—This is not a forum for you to outline your scepticism or otherwise of climate change. You have made your point. I intend moving on.

Senator IAN MACDONALD—Mr Chairman, I was not being verbal. I am finished.

CHAIR—That is good.

Senator IAN MACDONALD—Can I have my other question answered? Is this the appropriate time to talk about Mr Flannery's appointment to a particular role in your departmental area?

CHAIR—In my view that is in 1.1, and we will be coming to that soon. Are there any other general questions? I have some questions in relation to what Senator Macdonald has raised. Then after Senator Boswell we will move to 1.1. Mr Comley, I note that on your website you deal with a lot of the scepticism and opposition to the view that climate change is real. You outline on your website that there is a continuing increase in the global temperatures and that they are consistent with the climate warming trend of 0.2 degrees Celsius per decade predicted by the IPCC. Is there anything in this supposedly growing number of scientists who disagree with this that is causing any serious reconsideration of the department's view on climate change?

Mr Comley—No. In fact, my understanding of the direction in which the science is moving is to increase the likely range, and particular the upper end of the range, of likely climate change effects from human induced activities. I referred before to the IPCC as having a 90 per cent confidence of human induced warming. Professor Will Steffen, when presenting to the Multi-Party Climate Change Committee, has described it as a 95 per cent chance. That is his professional judgment, based on the fact that the IPCC is almost, by definition, a little out of date because it collects peer reviewed science and, ahead of very rigorous processes, draws the gate down. The information that has come subsequent to that has increased the level of confidence that the warming trend is significant and human induced.

CHAIR—Senator Macdonald has raised the issue of fatalities in previous cyclonic episodes. I am not sure where he was trying to go with that. Can you explain that the number of fatalities, no matter how tragic they are, does not equate to either the severity of an individual storm or global warming per se? It really is about mitigation, the type of houses it hits, the lack of preparation; all of these issues are important?

Mr Comley—Yes. Fatalities are tragic in any circumstances, but fatalities would not be an indicator of how severe a weather event is, or how significant warming is because, as you say, it is the level of preparation. In fact, that issue of the level of preparation is largely why there is always a developed and developing country dimension to the climate change issue. I think we have all observed when there are extreme events, whether they be weather events or things like earthquakes, that where it strikes and the level of development of that country have a very significant impact on the human cost, the fatalities, the social cost et cetera. That is in fact why there is always an international dimension to climate change, because the adaptation task is going to be disproportionate for developing countries that have a much lower resource base

to deal with it. However, your initial observation that the number of fatalities is not an indicator of the severity of a weather event or the impacts of climate change is correct.

CHAIR—Am I right in saying that there was some modelling done in the northern hemisphere that says all the projections have been right, that we are continuing to warm and episodes are going to increase? There is a view from Professor Ross Garnaut that if you apply that to Australia we have some significant problems to deal with. That is a shorthand approach.

Mr Comley—I think you have to go back again to the particular synthesis of the peer review, which is why the next IPCC report is going to be significant. Those projections always have ranges. What you tend to be observing is that, for example, on emissions trends, we are near the top of those ranges, or above the top. In some of the other specific indicators of warming we tend to be, again, at the top of those ranges where the uncertainty is.

There is a difficulty here. I go back to Professor Steffen's comment that he prefers to look at things over two or three decades. Whilst you might have shorter term observations that appear consistent with those projections and in many cases they actually look like the story may be worse than first thought, at least as a central case, one does have to be very cautious about taking short-time series and basing very firm conclusions on them. I think it is fair to say that none of those short, but statistically robust samples, would give you any comfort that the story is less worrying than it had been previously.

Senator BOSWELL—Mr Combet warned in the *Australian* that sea levels were rising and that coastal Australia would be under threat of inundation. Do you agree with that statement?

Mr Comley—The science is pretty clear that sea levels will rise with increased temperature. If you are about to ask the question whether we have done any work on this, there was actually a coastal vulnerability study that was released early last year that modelled the impact that the likely sea level rise would have—

Senator BOSWELL—Have sea levels risen?

Mr Comley—Yes.

Senator BOSWELL—How much by?

Mr Comley—I have not got the precise numbers in front of me. Ms Sidhu, did you want to answer these questions?

Ms Sidhu—The IPCC and other studies have demonstrated that average sea level rise has occurred at a rate of 3.2 millimetres per year since 1992, and that is double the average rate of 1.7 millimetres per year observed through the 20th century.

Senator BOSWELL—Thank you. Being an inquisitive sort of person, I rang BOM, the Bureau of Meteorology, who record the tide levels. I was told that sea levels had risen 0.09 millimetres per year for the last, I think, 10 years. This is in direct contradiction of what you were telling us. Someone is not telling the truth. I would imagine that BOM have tide gauges around Australia, and I was told 0.09 millimetres has been the average rise in sea levels.

CHAIR—Senator Boswell, I assume you were not talking to the telephonist, you were talking to someone of some authority?

Senator BOSWELL—Absolutely.

CHAIR—Maybe you could tell us who that was, so the department can actually respond.

Senator BOSWELL—That is what you call a running defence.

CHAIR—I am interested; I am actually interested.

Senator BOSWELL—I will give you that later because I have not got it with me. However, I suspect that BOM is a trusted bureau, so we have a conflict of 0.09 as against 3.7 or something?

Mr Comley—Three point two millimetres per year was the trend increase estimate of sea level rise.

Senator BOSWELL—Is that a future increase or is it a past increase?

Mr Comley—I think that is the actual—

Ms Sidhu—Past, since 1992.

Senator BOSWELL—Then we have a discrepancy.

Mr Comley—No, Senator, can I just clarify this? When I first came to ask questions about this I was under the misapprehension that all sea level rises at the same pace. I think that is what your intuition would tell you. If you imagine that you put more water in a bath, it has to go up evenly and be spread around. That is not actually the way in which the sea level rises. There are a number of reasons for that. Fundamentally sea level rise is caused by two things: one is the thermal expansion of the ocean. Essentially if you take a liquid or a gas and you increase the temperature of it, it occupies a greater volume for the same number of molecules. The second thing is if you actually melt some of the ice that has been on land, it goes into the sea. When you look at the sea level at any particular level in the world, the rate of change varies, including for things like the change in temperature in those areas, and also the way in which ocean currents work. You cannot take any particular observation site and form a conclusion about what is the trend increase across the world of sea level.

Senator BOSWELL—No, I did not say across the world. The threat was by Mr Combet that we were going to be inundated by an increase in sea level. Being someone who has spent his life on boats since he was a kid, I can never see where the sea levels change. It is very, very minimal. So I did what a normal person would do, and that is to ring up and ask what is the tide being recorded around Australia, and I was told 0.09 millimetres. That is the average around Australia. Now, you may have an argument with the BOM; I do not. Their information to me was that it went up 0.09 millimetres. That is hardly a cause for Mr Combet to scare the living daylights out of everyone who has a property on the beach. If you can tell me that the tide has not gone up 0.09 millimetres around Australia, well I will then pass that back to BOM and ask them to comment, the same as I am asking you to comment.

Mr Comley—That is not my understanding of the matter, Senator. If you were to provide us with that reference from BOM, we would be happy to look at that.

Senator BOSWELL—I will certainly do that.

Mr Leeper—The 3.2 figure that we have actually quoted you is from the CSIRO sea level rise website. I can give you the web address if you wish to check it. That is where we got our

data from. If there is a discrepancy between that data and the BOM data, we are happy to have a look at that, but that would be between those two agencies. We have sourced that material from the Commonwealth Scientific and Industrial Research Organisation.

CHAIR—In the interests of helping out, the Bureau of Meteorology will be here this evening. Can I just put it on notice that that question will be asked of BOM, and maybe they can give us some further advice on the issues between those two numbers that we have now.

Senator BOSWELL—I accept your ruling. It is a good ruling.

CHAIR—Are there any further questions on general issues?

Senator EGGLESTON—Just a general question. We have had a lot of flooding around Australia in the last few months. Apparently there has been some reluctance to come up with a standard definition of flooding. The ACCC declined to come up with one. I just wonder whether the department has any view about the standard definition of flooding which might assist in insurance companies providing comprehensive coverage to their clients.

Senator Wong—That is an issue that Mr Shorten is dealing with. The relevant officials who were dealing with the standard definition discussions with the industry should be available in the Treasury portfolio.

Senator EGGLESTON—Thank you.

[10.08 am]

CHAIR—What I intend doing is moving to outcome 1. I will go to Senator Milne because she has to go to another committee, and then I will come back to the coalition.

Senator MILNE—I want to go first to transport emissions. I am concerned about the extent of the increase in transport emissions: 37 per cent of 1990 levels in the Kyoto period, with a projected increase of 15 per cent between 2010 and 2020. I note that in your paper you have said that you have taken into account the forecast efficiency improvements in the passenger car fleet in coming to that conclusion of the increase—presumably 15 per cent between 2010 and 2020. I wanted to know what your assumptions were in terms of what abatement you would expect to get from efficiency improvements in the passenger car fleet. What are you talking about?

Mr Power—The first thing to say is that the projections that are done, including on the transport sector for the department, are completed by the Bureau of Infrastructure, Transport and Regional Economics, BITRE, and also another independent modelling agency, SKM MMA. Both of the projections take into account different assumptions about fuel technology improvements over the life of the projection. The speed at which those improvements take on over time is different between the modellers, but both of them have different assumptions about the extent of that.

Senator MILNE—The government has made some comments about mandatory vehicle fuel efficiency standards. Were any assumptions fed into this work on accepting any level of mandatory vehicle fuel efficiency, or is this just an assumption based on what the market might do?

Mr Power—The projections at the moment do not include the quantification of the proposed mandatory standards. The standards have not been finalised. There is a proposal starting point for those standards. The projections take an approach to include all measures possible wherever all the information is available. Particularly where, for example, there is legislation or a level of the standards to be put in place and there is not sufficient information to be able to quantify them, the projections include those when that information is available.

Senator MILNE—So the projection did not include the notion of Australia adopting the European standard and what the level of abatement would then be or, if they adopted a lesser standard, what the level would be? This has not been looked at at all?

Mr Power—Certainly we are aware of it, but in terms of quantification those particular standards—for example, the European standards—have not been included in the projections.

Senator MILNE—Have not been included?

Mr Power—No.

Ms Wilkinson—Across all of the projections, the assumption is the same. The assumptions about policies, or measures which are actually measured in the projections, are that only those measures which have been legislated are included. The updating of the projections process started in the middle of last year. At that stage there were some commitments, but since those commitments had not been legislated, both in this area and in other areas as well, the impacts of those measures would not be included in any of the projections.

Senator MILNE—Australia did sign up at the G20 to reduce fossil fuel subsidies. In the projection of abatement achievable, was there anything fed into the model of what would happen if the fuel tax credits were removed in Australia from any particular sectors, or all sectors?

Mr Comley—Just before Trevor answers that, my recollection is that the G20 has gone through a process of identifying what are fossil fuel subsidies for the purposes of the G20 discussions, and Australia does not have any fossil fuel subsidies that meet the G20 definition.

Senator MILNE—Mr Comley, I understand that Australia says that, according to the G20 definition of a fossil fuel subsidy, the fuel tax credit is not a fossil fuel subsidy. However, with respect, I cannot see how anyone can sit without a smile on their face saying that the fuel tax credits are not a subsidy. Apart from this exercise, in terms of what abatement you project might be achieved, has the department ever looked at what level of abatement would occur if there were some adjustment in the fuel tax subsidy, either in level or in sectors that might be covered?

Mr Power—I can say from the point of view of the projections that we have not included that analysis. The department may have done work in other areas in relation to that.

Senator MILNE—I will come back to that, but just in your sector in particular, given what you have said, I take it that you have not modelled a level of abatement that might be achieved by removing the fringe benefits tax concession from private motor vehicles or fleet vehicles et cetera?

Mr Power—That is correct.

Senator MILNE—Was there any assumption made in the model about abatement opportunities or levels for things such as mandatory vehicle fuel efficiency standards, fringe benefits tax concessions, fuel tax or investment in public transport? Was there any estimate made of what level of abatement could be achieved from greater use of or investment in public transport?

Mr Power—In relation to that last point, it is really important to be aware that these projections are not scenario analysis. There is a lot of modelling that was done, which is scenario analysis, about potential abatement from different actions that may be taken up in the future. But these projections are quite strictly, if you like, a projection of the current set of policies going forward, and therefore what the most likely trajectory is in order to have information available. There is other modelling done by other groups, which is very informative on those sorts of things about what might occur if there were a significant change in planning, or other such infrastructures. The modelling groups do obviously take into account all relevant things which they think are going on and are likely to happen in the future, including various patterns in transport usage by the public. The use of public transport is an example, but it is certainly not a scenario analysis about what potentially might occur as a result of those things.

Senator MILNE—Mr Comley, given that the branch is just modelling business as usual with technical improvements in energy efficiency in the vehicle market, have any other modelling or scenarios been done in the department looking at those particular issues that I have mentioned? For example, if mandatory vehicle fuel efficiency standards equivalent to the Europeans were introduced, what would be the abatement? Has there been any modelling looking at the abatement of any other scenarios, such as the fringe benefits tax concessions or the fuel tax credits or investment in public transport, individually and also collectively? For example, has it been modelled what you would get instead of the 15 per cent increase between 2010 and 2020?

Mr Comley—I am not trying to be evasive, but it depends a little bit on what you mean by modelling. We have done some analysis in the past at various times. I think there was some done in the context of the Prime Minister's energy efficiency task force. There has also been some work in the past on those sorts of measures as to what the expected abatement outcomes would be. I cannot recall us doing one on public transport because it is quite a difficult thing to model what mainly state governments et cetera would do.

My recollection is that most of those measures were relatively modest in their abatement, but the difficulty is, particularly when you get to the mandatory fuel efficiency standards for cars, that it really is driven very much by the standard that you impose. Modelling is almost too grand a term; you almost have to ask what the stringency is of the standard you are applying, and then you calculate the turnover of the vehicle fleet and you get a number. Typically most of those are relatively modest by 2020; you get bigger payoffs after that, and that is essentially a function of the car fleet.

So we have looked into it. I would not say we have done grandiose modelling; we have done more rudimentary analysis. When we get to specific fuel efficiency standards, if that is contemplated by government, then we would do more significant modelling as to what the impact of that abatement could be.

Senator MILNE—Is that not a chicken and egg scenario? As the central government agency on climate change, would it not be advantageous in public policy terms if you could provide that information to guide the decision about what standards might be put in place, or what tax changes might be put in place so that people making the policy decisions can at least be informed as to what difference it would make to the abatement?

Mr Comley—We would do that, yes.

Ms Wilkinson—Just further to that, we are working closely with the bureau of transport, which has the responsibility for the introduction of the mandatory fuel efficiency standards for light vehicles. We are working with them. I am not aware that there has been any specific standard which has been proposed or estimated, in terms of the abatement potential at this stage.

Senator MILNE—Who are you working with on the abatement potential if you were to abolish the fringe benefits tax for motor vehicles?

Mr Comley—That is a discussion with Treasury.

Senator MILNE—You are having that discussion?

Mr Comley—We have had that discussion in the past about the likely abatement.

Senator MILNE—What is the likely abatement from the abolition of the fringe benefits tax?

Mr Comley—I do not have a specific figure. I am not sure if we landed on a specific figure but my recollection is that it is relatively modest.

Senator MILNE—Would you be able to take on notice, please, the assumptions you made, and the estimate in relation to that?

Mr Comley—I will take it on notice.

Senator BOSWELL—I would like to look at trade-exposed industries, which would presumably be heavily impacted by the carbon price and an ETS. I note the European Union has 164 industry and agricultural sectors which have been designated as trade-exposed under the EU scheme; this compares with 35 sectors and activities that have been designated as emissions-intensive trade-exposed, or EITE, under Australia's CPRS and renewable energy targets.

CHAIR—Sorry, I think everyone is having a real problem hearing you.

Senator BOSWELL—Okay, sorry.

Senator Wong—If you lift the piece of paper that you are reading from, it might be easier for you to read into the microphone.

Senator BOSWELL—Just to shorten it up a bit, the European Union has 164 EU industry and agricultural sectors which have been designated as trade exposed. This compares with around 35 sectors or activities which have been designated as emissions-intensive trade-exposed, EITE, under Australia's renewable energy and CPRS target. The question is: why are European dairy, sugar, and wine industries classified as trade-exposed but the equivalent Australian industries are not?

Mr Comley—I will ask Ms Wilkinson to go into some detail on this. The first point to make is that the nature of the breadth of the definition within Europe is different to the nature of the breadth of the definition in Australia. I am assuming you are referring to emissions-intensive trade-exposed under the renewable energy target, and presumably also what was proposed under the CPRS. That is the first point. The second point, which is very relevant, is the way in which that assistance is delivered, and Ms Wilkinson will comment on that. The third point is on a very, very substantial difference which is that under the European scheme, there is no assistance provided for electricity emissions.

The very short answer, and Ms Wilkinson will elaborate, is it is very misleading to take headline figures from Europe to Australia in terms of the actual coverage of assistance for emissions-intensive trade-exposed, both of which sectors are covered, but also in terms of the level of assistance provided to those sectors.

Ms Wilkinson—There are a couple of things I think that are worth keeping in mind. First of all, the definitions of sectors are quite different in the European scheme compared with the approach in Australia, which has been to look at activities which are clearly emissions-intensive and trade-exposed. In Australia, the government adopted an approach whereby it assessed on an activity-by-activity basis how exposed the activity would be, depending on its level of emissions, and on the amount of revenue or value added attributed to that industry.

We have been through a process with a large number of industries to actually define the activities which would potentially be emissions-intensive and trade-exposed, and then done a careful assessment of both the emissions that come from that activity and the revenue or value added associated with that activity. There are two thresholds above which activities need to sit in order to be eligible for assistance under the Renewable Energy Target Scheme.

In terms of the actual assistance that is provided under each scheme, one of the things that are very important is, as Mr Comley said, that under the European scheme there is no assistance at all provided for electricity related cost increases. In the European scheme there is also a cap on the total allocations that can be provided to firms in relation to their assistance.

Senator BOSWELL—Can I just interrupt you. There is something I want to clear up. You say the Europeans do not offer any assistance on electricity; what electricity assistance do we offer, say, on dairy?

CHAIR—Senator Boswell, maybe you can let Ms Wilkinson finish and we will come back to that. I think you have jumped in halfway through an important point. If you can just let that point be finished, then you can move on.

Ms Wilkinson—The third point I was going to make is that all of this assistance in the European Union relates to the assistance that will be received in the third phase of the European Union Emissions Trading Scheme. The actual baselines for assistance in that scheme related not to the emissions of an individual facility but to the best practice level of emissions for the top 10 per cent of installations. That means for a given firm in a given sector the amount of assistance they will receive will depend importantly upon how efficient they are relative to the most efficient firms in that sector.

Senator BOSWELL—Whichever way you try and skin the cat, we have 35 sectors that will get EITE assistance and they have 164. One would suggest they have just about got an

exclusion on any industry. You raised an issue there that I find hard to understand. You said, 'These people do not get any assistance with electricity.' My question to you is what assistance does, say, the dairy industry or any other industry in Australia get for electricity? Are you saying that we assist industry by weakening the cost of electricity?

Mr Comley—The major emissions made, for example, by a dairy are to run the milking machines, to heat pasteurisation processes et cetera. In the European Union—

Senator IAN MACDONALD—Cows.

Mr Comley—Both in the European system and what was proposed under the CPRS methane from livestock was not covered. Whilst is in an emission that counts for your national accounts, it is not something that is captured by their trading scheme or the proposed trading scheme in Australia. The principal input, essentially, is power that is used to run the milking facilities. In the European Union, if you had an electrified dairy you would essentially receive no assistance because there is no assistance for the use of electricity in a facility. That is the point that Ms Wilkinson was making.

Senator BOSWELL—That implies that you would receive assistance in Australia. I do not know—

Senator Wong—That is the point he is about to get to.

CHAIR—Be patient, Senator, we are getting there.

Mr Comley—There are two issues here. The first is that under the current renewable energy target emissions-intensive trade-exposed firms are eligible for partial exemptions for their renewable energy liability. Dairy is not a sector covered by emissions-intensive trade-exposed, so they are exposed to an increase in electricity associated with a RET. Under the CPRS, to which I think you were also implicitly referring, under the policy that was finally negotiated between the government and the then opposition leader there was an assistance regime for electricity for those that fell outside the emissions-intensive trade-exposed area, and it is highly likely that dairy would have had access to that. That was the so-called TCAP scheme, and there was \$1.1 billion allocated over three years for that assistance scheme.

Senator BOSWELL—Are you now saying that dairy will get assistance?

Mr Comley—No. I took your question to be referring to the previous policy that was in place.

Senator BOSWELL—No, I am talking about now; I am saying now that these industries are excluded. While I am at it, I will throw in European coal, iron ore and nickel; they are not trade exposed but the equivalent in Australia is trade exposed. My question is: why are these industries excluded under an emissions trading scheme in the EU and not excluded—

Senator Wong—Mr Comley was explaining to you that where the government policy was at, as at the time of the negotiations finalised with your then leader, Mr Turnbull—

Senator BOSWELL—Yes, but he is no longer here.

Senator Wong—He is no longer here. I think we are all aware of that. Obviously the government is going through the process of considering the mechanism for a carbon price and

associated policy issues, and I am sure these are amongst the issues that the multiparty committee and the government are considering.

Senator BOSWELL—It is pretty unsatisfactory when Australia's primary industry and its mining industry are excluded under the EU and they are not excluded under the Australian scheme. You say they might be, but this is my point about this whole thing—everyone is 'gonna'. Everyone is 'gonna' do something but no-one ever does anything. Everyone is going to promise that they are going to do something.

CHAIR—Senator Boswell, have you got a question?

Senator BOSWELL—I have.

CHAIR—We do not want a running commentary because all it is doing is taking up the time of your colleagues who have other questions.

Senator BOSWELL—You make a good point. It is completely unfair when the EU excludes primary industry and the mining industry, and we intend to saddle them up with an ETS—unless you do not intend to saddle them up with an ETS, and I would thank you for that.

Mr Comley—As the minister has made clear, we could have a discussion about a policy that was in place for the government until April last year. In terms of the policy that the government intends to take, that is currently a matter of discussion within the government and through the Multi-Party Climate Change Committee. I do not think I can comment on potential future policy.

Senator BOSWELL—Under the CPRS, what share of Australia's export would have been covered by the EITE scheme?

Ms Wilkinson—I will have to take that on notice.

Senator BOSWELL—How does the government decide which of our industries are trade exposed and which are not?

Senator Wong—Is this under the CPRS mechanism?

Senator BOSWELL—Yes, it is under the CPRS.

Ms Wilkinson—Under the CPRS and also under the renewable energy target, as I mentioned earlier, the government chose to make an assessment on an activity-by-activity basis as to which activities would be emissions intensive and trade exposed. They did that by defining the activities and then by assessing the emissions associated with those activities. This included the upstream cost increases which would flow from electricity prices, for example, and taking the emissions as a proportion of revenue and/or value added. For each activity you had to actually assess whether your emissions, as a proportion of revenue or value added, were above nominated thresholds.

Senator BOSWELL—Thank you. Industry figures estimate the direct cost to household electricity bills of an existing 20 per cent renewable and 30 per cent on carbon tax conservatively amounts to a tax of 25 per cent. Based on an average bill of \$1,400, this is an increase of \$350 per annum. Can you tell me what your modelling shows with regard to the increase in electricity prices, based on a range of carbon prices, say, \$10, \$20, \$30 and \$40?

Mr Comley—This was all put on the public record through the white paper in December 2008. It included the overall cost of living impact, which was around 1.1 per cent. That was all put on the public record. That was for a carbon price of—

Senator BOSWELL—My question is on electricity increases. It may have been put out in 2008, but I cannot remember back that far. Could you answer the question?

Mr Comley—The electricity price impact, and this was on the CPRS minus five scenario, phased over two years because of the fixed price, was an increase of around seven per cent in the first year and another 12 per cent in the second year, which was around a 19 per cent increase in electricity prices over the two-year period.

Senator BOSWELL—When you throw in renewable energy, do those prices hold at that or do they go up again?

Mr Comley—The impact of the renewable energy target was around four per cent.

Ms Wilkinson—Around five per cent.

Senator BOSWELL—So it is 17 plus five, a 21 per cent increase?

Mr Comley—If there was a policy in place of the CPRS minus five, and the same modelling result was obtained, then you would have a little over 20 per cent, that is right.

Senator BOSWELL—I am sorry that I have to repeat this, but I cannot remember what was said in 2008. Can you tell me what the price increase would be on a range of carbon prices, say from \$10 to \$20 to \$30 to \$40?

Mr Comley—That number that I gave, which was 19 per cent over two years for the CPRS, was based on a carbon price in the second year of around \$25. If you were looking at a carbon price less than that, you would have a lower electricity price impact. The first year price impact was a \$10 carbon price, and that was around seven per cent.

Senator BOSWELL—So you would put your hand on your heart and say that prices at \$25 will not go past a seven per cent increase?

Mr Comley—I said that for a \$25 price in the second year, the anticipated increase in electricity prices as modelled in 2008 was around 19 per cent. The question of what is likely to be the electricity price impact now would be something you would have to model again. In percentage terms, to the extent that electricity prices have increased for other reasons, you would expect that the percentage increase would be less than it was if all the other modelling was the same, because your starting price is higher and essentially you are adding a fixed carbon price—if you are using the same number—to a higher base level. So, on proportionate terms, that electricity price increase would be lower than it was modelled if at the time—as they were—electricity prices were lower overall.

Senator BOSWELL—So, to cut to the chase, electricity prices would go up 19 per cent plus five per cent for renewable energy?

Mr Comley—No, Senator; I am saying that for the modelling that was undertaken at electricity prices at that time, based on the data, you would have the conclusion of 19 per cent plus around four to five for renewable energy targets. Because the price of electricity is higher than it was in 2008, principally due to network charges, the proportionate change is likely to

be lower than that. But we have not conducted additional modelling which would also take into account a range of other factors.

Senator BOSWELL—That begs the next question: why have you not conducted modelling, because this will have a very significant impact not only on families but also on industry and primary industry? When can we expect new modelling? The government is determined that it will put on a carbon tax next year; I would have thought that new modelling would be required as soon as possible.

Mr Comley—If the modelling was undertaken, it would be undertaken by Treasury, so I think that question should be directed to Treasury.

Senator BOSWELL—We are told that we are being laggards just about daily by either ministers or by the gentleman who suggested we farm kangaroos. Can you give a list of the countries that have an ETS? And not what other countries propose to do, because everyone is 'gonna', but what countries have actually done to reduce their emissions. Can you take that on notice?

Mr Comley—We can take it on notice; in fact, Ms Wilkinson can actually answer it. Probably the thing to say is following the—

CHAIR—Mr Comley, now that we have moved to another question, can I just come in on this issue of the electricity price before we move from that? I am happy to come back to Senator Boswell's question, but before we move off electricity, can you indicate what the implications are if we do not put a price on carbon? What are the implications for business in Australia and what are the implications for costs for consumers?

Senator BOSWELL—On a point of order, and with due respect, that is a judgment that these people are not qualified to make. What impact it would have on business is a judgment that cannot be made.

CHAIR—I will not accept that because you have been asking them to make judgments on the opposite argument for the last 25 minutes. I am asking them to give the other view. There has been lots of work done on it, and I am simply asking the department to provide us with the implications, the modelling, whatever has been done, if we do not move to a carbon price.

Senator BOSWELL—I think that is a good question, as long as it encompasses modelling to say how much the costs to industry will go up.

CHAIR—I am asking the question; you do not ask my questions. The question is for Mr Comley.

Mr Comley—The projections that were released very recently indicated what the likely emissions in Australia would be in 2020 in the absence of, broadly speaking, other policies, so it does go to the comment that Senator Milne has made. Clearly, a carbon price would be very substantial policy. The projection is that, in 2020, emissions would be 24 per cent higher than 2000 levels. The difference between the 24 per cent and the minus five per cent, which is the bottom end of the bipartisan emission reduction targets, would require an emissions abatement reduction of around 160 megatonnes per year in 2020.

I suppose the reason that is very relevant for the business environment is that, certainly in conversations we have had with the business community, they are aware of the targets that

have been set by both the government and the opposition, and at some level they see it as inevitable that some policy will come along, but they find it very difficult to plan for what that policy will be. The way that is manifesting itself, particularly in the electricity sector, is an enormous reluctance to make an investment in significant projects until such time as there is greater certainty about the policy framework.

Your question was phrased in terms of a carbon price. That observation is more general in terms of what the policy framework or response would be, but there is a fairly wide expectation within the business community that there will be a carbon price at some time. What they do not have any certainty about is either the timing of that or the nature of the specific mechanism or any of the other detailed arrangements that might impact on their area. So, in that context, in a sense it is a riskier investment environment than it would be with certainty about a range of those things.

CHAIR—We have about 15 seconds before we break. Why do we not come back with your questions straight after the break?

Senator IAN MACDONALD—Can I just have 15 seconds on that particular aspect? Is it a fact that the business community know that, if there is a change of government—and the government hangs by a thread—there will be no carbon tax? There is one section of business with a CEO who is well known for her favourable views on the Labor Party—

CHAIR—Senator Macdonald, we are not going to go into this sort of approach here. You will not be in a position where you ask the officer to give some commentary on your political views. We are at the break now; we will close for the break.

Senator IAN MACDONALD—It is a question on business confidence. The business community is not confident in this government; that is what is wrong.

CHAIR—We will adjourn for the break.

Proceedings suspended from 10.44 am to 11.03 am

CHAIR—Senator Boswell, do you want to reiterate that question for Mr Comley?

Senator BOSWELL—Yes. The question I want to make sure that I do get an answer to is this: what has the rest of the world done? Who has an ETS? What measures have other countries taken, and I stress the emphasis on ‘have taken’, not ‘will take’? Further, when this ETS presented itself, the government modelling was on the assumption that the rest of the world would be involved. Is there any other modelling going to take place, or are you going to rely on the modelling that you did around 2008, which was based on the rest of the world being involved, which clearly it was not? Are you going to do more modelling taking into account the fact that a lot of other countries are not involved?

Mr Comley—I will just start with the international action. The department put on the website, following an MPCCC meeting last week, a reasonably comprehensive listing of actions taken in other countries. There were around 20 countries covered—all the G20 plus some selected others.

Ms Wilkinson—It was the major economies forum countries.

Mr Comley—Major economies forum countries, plus a few selected others, including New Zealand. So, around 20 countries were included. That is a fairly comprehensive listing. We are happy to provide you the link to that on the website. It has quite a lot of detail of all the actions that people are taking. That clearly indicates that there is a lot of action at the international level.

In terms of who has an emissions trading scheme, all the European Union countries have an emissions trading scheme, as do a number of countries who are not members of the European Union but are part of that trading; for example, Norway.

New Zealand has an emissions trading scheme. There are a couple of regional trading schemes that operate in the United States and Canada. Large parts of the US economy are covered by emissions trading schemes.

Perhaps the most important thing, coming to the modelling, is that there has been a tendency at times to conflate the issue of ‘have you got an emissions trading scheme?’ with ‘are you acting?’ An emissions trading scheme, or a carbon price, or a carbon tax, is one way of acting. Many countries are not acting in that way, but they are acting in a significant way. The difficulty at times is how to work out how significantly they are acting when it is not as transparent as a carbon price. Last year a report was released by Vivid Economics that tried to do an analysis of the level of action in a range of major countries—not as many as those on the website, but it included China, for example. The analysis they did, which was focused only on the electricity sector, was that the extent of carbon policies in China was equivalent to having a carbon price, and it depends which exchange rate measure you are using. I think on market exchange rates it was around \$8.80; on purchasing power parity exchange rates it was closer to \$14 per tonne. In contrast, their analysis of the Australian economy was a shadow carbon price, which is equivalent to that measure in China, of around \$2.50. So, there is quite a lot of analysis that says many countries are acting, most countries are acting, and the extent of that action is quite significant.

You are correct to say that, in the modelling that was done in 2008, there was no modelling scenario that assumed the rest of the world did nothing. There was a scenario that allowed for the fact that it was phased action in countries, depending on their level of development. As to the level of action that people are taking, we have not done a precise mapping of how it maps to that modelling activity, but the level of action that people are taking is not necessarily inconsistent with that modelling, and certainly the level of action that people are taking is inconsistent with an assumption that the rest of the world is doing nothing in that process.

In terms of any modelling exercise, as I said before, that is a matter for Treasury, which would undertake the modelling if it were done to update any information that has been provided since 2008. Any modelling that would be undertaken would have to go into the question of what the world was doing but, based on the information we have, certainly the advice that we would provide to Treasury would be that modelling no action in the rest of the world would not map with what is actually occurring at the moment.

Senator BOSWELL—That was not the question, that no-one is doing anything; I said you modelled it on the assumption that most people were doing it, that it was going to be universal.

Mr Comley—It was not modelled assuming that everyone was necessarily domestically doing an emissions trading scheme or carbon price. It is from a technical modelling perspective; it is modelled as if it is an emissions trading scheme or a carbon price. But from a policy perspective, that could be achieved through a range of other instruments which are not emissions trading. So it is true that you modelled effectively all countries taking action at different rates and different intensities, but it is not true to draw the conclusion that that necessarily means that everyone has to have an emissions trading scheme or a carbon price.

Senator BOSWELL—You noted that China was doing something—I think you said \$16 a tonne or \$9 a tonne, whatever it is—\$8 a tonne, I think you said. China is going to increase its CO2 emissions by up to 10 billion tonnes in the next five years. Sure, it might have made some token agreement on renewable energy; I think it gets 1.1 per cent of its energy from renewables.

Australia has 600 million tonnes, if I am correct, and China will have 10 billion tonnes. Do you see any point in penalising the rest of the world when, whatever we do, China is just going to leap forward and where with any discrepancy or any leeway we lose they will make it up in three or four months?

Mr Comley—I have two points to begin with. First, whilst the science can provide quite a bit of guidance on what the world as a whole needs to do to reduce emissions to reduce the risk of dangerous climate change, the judgment as to the share that is attributable to each country is not a pure matter of science; it is a matter of equity as well as science.

The question of the global response really goes to the question of how the international negotiations and actions ultimately will occur. It is true that emissions growth in China is projected to be quite high, partly because of the phase of their economic development. Typically, when people look at the level of what is a fair contribution from each country, they use a range of metrics. There is no one agreed metric, but one metric that people do look at is how much is their deviation from business as usual; that is, how much are they putting in place policies that bring down the emissions growth from what it otherwise would be.

In the case of Australia, as I said earlier in this hearing, we forecast emissions to be at 124 per cent of our 2000 levels at 2020 without other policies. That is why reaching the five per cent reduction target is actually a very substantial effort; it is 29 percentage points of effort. In contrast, the European Union has a 20 to 30 per cent reduction below 1990 levels, but in practice that is a much smaller reduction from business as usual than even the five per cent reduction in Australia.

It is true that China is growing but it is also true, on the available information to us, that they are having a significant deviation away from what their business as usual would be. It is true that the absolute emissions in China are very high, but it is also true that their per capita emissions, their emissions per head, are much, much lower than Australia's. Current Chinese per capita emissions are around six tonnes per person; emissions for Australians are around 27 to 28 tonnes per person.

All of these questions of what is, if you like, a fair and equitable contribution to emissions reduction are informed by measures such as business-as-usual growth, and also by the current level of per capita emissions; all that has to be fed in. If Australia chose to do no emissions

reductions, the absolute change in emissions compared with the total around the globe would be relatively small, but it would potentially have a significant impact on how the international negotiations occurred in terms of levels of ambition elsewhere. So they are all the factors that have to be taken into account when deciding the level of emissions reduction.

I suppose the final point is that if people think that we ultimately will reduce emissions there is a question about what is the best way to do that. Do you not reduce emissions for a long period of time and then suddenly reduce them, or try to do that more gradually? Most of the economic modelling—in fact, all of the economic modelling—indicates that, if you ultimately will reduce emissions, a more gradual approach tends to be better because you are not investing in capital that then becomes defunct later on.

CHAIR—Thank you. Both Senator Ludlum and Senator Macdonald are jumping between committees. Senator Ludlum has about five minutes of questions, so I will go to him, then I will go to Senator Macdonald, and I will then come back to some issues that have arisen from Senator Boswell's questioning, and we will go from there. Senator Macdonald has promised me that if he gets this agenda up then he will not be back until seven o'clock tomorrow.

Senator IAN MACDONALD—That is correct, Mr Chair. It is a great incentive.

Senator LUDLAM—I have a couple of questions that I am fairly sure belong in this bracket, and then I might ask advice about whom to speak to about some other issues.

With respect to the standard analysis of the greenhouse benefits of gas relative to coal, there seems to be a reasonably well accepted figure promoted by the industry that between four and nine tonnes of greenhouse gas emissions are avoided globally when we use Australian gas. Has that figure come across your desk? Does that sound familiar?

Mr Comley—I have seen figures of that order, particularly in the debate about liquid natural gas. Obviously, to get any figure you have to know what you are displacing and you have to know also whether there are any rebound effects for the amount of use of energy et cetera. I have seen figures of that order, but I would not necessarily endorse those as an estimate of what the change of global emissions from gas would be.

Senator LUDLAM—That is kind of the direction in which I want to go—with the four to nine tonnes displacement, the industry uses that either for LNG or coal seam gas. I have tried to track down where that four to nine tonnes life cycle analysis comes from so that we could work out whether or not it made sense. The only reference I can find that actually supports that claim is 2008 life cycle analysis done by WorleyParsons for Woodside. Do you or anyone in the department have that study, or have you had the opportunity to read it?

Ms Wilkinson—Yes, we have seen that study, and we did analyse it back in 2008.

Senator LUDLAM—Okay, that is great. If I ask you to provide that study to us, will you tell us that it is commercial-in-confidence and that we cannot have it?

Ms Wilkinson—I will have to take that on notice. I cannot recall whether or not this was a publicly released study.

Senator LUDLAM—I can confirm for you now, live in Senate estimates, that it has never been publicly released, so it would be a big breakthrough for us if you were able to table it. We have been told it is commercial-in-confidence, so it has actually been impossible to verify

that figure. If you had it peer reviewed, or if you are able to provide it to us, that would be great.

Mr Comley—We will take it on notice.

Senator LUDLAM—Rather than either handing over the document or—in a couple of weeks, I suspect—telling us that you cannot, could you provide us with any analysis that you have done to either back up that claim or to provide a bit of a breakdown of how it was arrived at? The caveats that you offered in your answer to my first question are entirely accurate, and to me they do not really seem to square with the numbers that the industry is putting out.

Mr Comley—We will take on notice provision of the report. Say if I take on notice essentially a question along the lines of what would be the impact nationally and internationally of the export of a tonne of LNG and we take on notice essentially the department providing you some analysis of that. Is that essentially what you are after?

Senator LUDLAM—Yes, that would be really helpful. I would be very keen if you were able to table that report, if you have it.

Mr Comley—We will take it on notice. We will do what we normally do in these cases, which is check on the basis on which we were provided the report and whether that causes any complications.

Senator LUDLAM—Also, if there is any other literature that we have missed that provides us with a figure in an Australian context? One of the reasons I raise this is, of course, there is enormous variability in the amount of well field CO₂ that we get in different Australian gas fields. I wonder whether that accounts for the four to nine figure, or where that comes from. If you can provide anything relating to that, that would be great.

Is this the right place to ask about travel behaviour change programs? Can you tell us what your department is up to in that regard? Before we started, I had a quick look at your website, but there is no obvious travel or transport related projects underway.

Mr Comley—This is the right place. The short answer is we have not done almost any work on travel related behaviour change. We are aware of pilots that have been done in, for example, Western Australia, that have looked at travel related behaviour. I am aware that there have been some estimates of the abatement from that. Although they are not large, they exist, in terms of emissions offsets, but we have not done a lot of work on that.

Senator LUDLAM—Am I correct in believing that there was, at one stage, one Commonwealth FTE position that was coordinating the various state based TravelSmart projects, and I think I should correct you and say that the WA TravelSmart program was a lot more than a pilot project; it was quite extensive, and it has been adopted elsewhere. Is it the case that you did have someone in your employ who was coordinating that work and they have since been shuffled off and they are not doing that anymore?

CHAIR—I am sure that is not the technical term, shuffled off.

Senator LUDLAM—We have a trade union representative here; they were given the flick. I am just trying to work out if you could tell us who that was and why they are not there anymore?

Ms Thompson—My understanding is that the initiative to which you are referring was actually a project under the former Greenhouse Gas Abatement Program, and there was in fact a grant program that was offered to a number of the states for modification of travel behaviour, and it was particularly interested in looking at the impacts of what they call modal shifts. My understanding is that in fact it was quite hard to quantify the greenhouse gas emissions benefits from those projects. But as you say, it was something that did run for several years under that program.

Senator LUDLAM—Why was the decision made to get rid of that person, and who is doing that work now?

Ms Thompson—The Greenhouse Gas Abatement Program was actually one of the programs that was reviewed by Roger Wilkins through the Wilkins review. That review found that the GGAP program was not in fact complementary to a carbon price, so it was wound up. I believe that the existing project documents under the program were honoured, but the program eventually ran its course. With respect to what happened to the officer, I believe that they were found other duties, but we would probably need to check on that.

Senator LUDLAM—Complementary to a carbon price; because this person was doing travel behaviour programs, we are going to get a carbon price one day so we can get rid of them now, does that mean we can assume that a carbon price will apply to vehicle fuel?

Ms Thompson—I think I should perhaps clarify my earlier answer. The Wilkins review, with respect to the GGAP program, was actually for the program as a whole, and in fact it provided funds to essentially purchase abatement. It was on that basis that Mr Wilkins found that the program was non-complementary.

Senator LUDLAM—That the whole lot should go. That seems highly pre-emptive, but that is okay. At the moment, in the absence of this person, is anybody able to tell us if you are doing anything at all in the area of transport behaviour programs, or are we just leaving that to the states these days?

Mr Comley—We are not doing anything specific. We have typically left that to the states.

Senator LUDLAM—Because the state effort is extremely patchy. Could I propose, if it has not been done, a review of the quite extraordinary indicators that they were getting out of the TravelSmart program in Western Australia, which got a lot of people out of their cars and onto alternative transport. They were getting the mode shift. They were actually getting quite extraordinary results out of that. Then we put someone on at a Commonwealth level to try to coordinate that nationally, and we have gotten rid of them. Are you saying there were never any metrics about the actual abatement that they were achieving from getting people out of cars?

Mr Comley—I think there are two issues; you almost have to separate a program which you are putting out funding for and about how you do an estimate. Ms Thompson is right that, in terms of trying to estimate the abatement for the purposes of supporting a funding stream, you tend to have to have quite a high hurdle, and the GGAP hurdle was very significant and stringent. It was actually one of the reasons the GGAP program was wound down, because they could not spend all of the money, because they made the additionality test so tight, to ensure it was all additional. The issue of whether you can estimate how much abatement is a

slightly different question when your threshold is what your abatement estimate is. I have seen estimates of abatement of TravelSmart behaviour. They are not zero, but they are not large. From memory, they are in the order of a megatonne or two that you can get from those sorts of activities. That in itself is not too bad because it is actually a pretty low cost program. So that is not a bad thing.

Senator LUDLAM—It does not cost anything. That is the benefit of it.

Mr Comley—It does not cost anything on the budget. Whether it has costs in terms of people's lifestyles, et cetera, depends on the nature of the intervention that people undertake. I suppose on the general point about the level of effort that the department is putting into issues related to transport modal choice, et cetera, I think it is a fair point that we have not devoted a lot of effort into that, partly because of the state and local government issues. It is something on which we would like to do more. There is obviously a resource constraint, but it is interesting that you raise it, because just before coming back to the table, a conversation I had with two of my colleagues was that we really need to think about having more of a dedicated resource looking at transport issues for exactly these reasons.

Senator LUDLAM—Maybe when we come back for budget estimates in May, there will be some better news. Thanks very much, Chair.

Senator IAN MACDONALD—Following up an answer to Senator Boswell when you said that Australia's output of greenhouse gas compared to China was 'relatively small', on notice could you actually be more precise than that and give us the details? I suppose you would do that by working out what China's is and what ours is, and making a percentage of them?

Mr Comley—No problem.

Senator IAN MACDONALD—Can you tell me about the Climate Commission?

Mr Comley—Yes. Mr Leeper was going to take these questions. The Climate Commission broadly is a commission set up with a number of objectives in mind. One was to inform the community about the climate change science. Ms Sidhu is here, and she will give you a much more comprehensive answer.

Senator IAN MACDONALD—While Ms Sidhu is coming, when was it set up?

Mr Comley—It was formally launched two weeks ago. It was a commitment made during the election campaign, and it was formally launched two weeks ago. It has six members which my colleague will run through. As you know, it is chaired by Professor Flannery, and it has five other members. I think the cavalry is now at the table.

Senator IAN MACDONALD—Does it have a website?

Ms Sidhu—We are in the process of establishing arrangements to support the commission, including a website. The commission, as Mr Comley noted, was only set up a week or two ago.

Senator Wong—While Ms Sidhu is finding her breath, I understand that the members of the commission are Professor Flannery, Professor Will Steffen, Dr Susannah Elliott, Mr Gerry

Hueston, Mr Roger Beale and Professor Lesley Hughes. There is also a science advisory panel.

Senator IAN MACDONALD—Can you tell me that on notice?

Mr Comley—The science advisory panel certainly includes Professor David Karoly, Andrew Pitman and—

Ms Sidhu—Professor Matt England, Professor Neville Smith from the Bureau of Meteorology, Professor Tony McMichael from the Australian National University, and Dr Helen Cleugh from the CSIRO, and two more.

Senator IAN MACDONALD—I thought you might have missed Professor Bob Carter, but no doubt you are going to tell me that.

Ms Sidhu—Dr Lisa Alexander from the University of New South Wales, and Professor Brendan Mackey from the ANU are also on the science advisory panel. The purpose behind the science advisory panel was to gather a team of expert scientists, each an expert in a particular area of climate science, who the commission can draw on to ensure that—

Senator IAN MACDONALD—All of those scientists have a preconceived view; there are no doubters amongst the scientists. For example, you have not invited Professor Carter to join.

Ms Sidhu—We have selected the members of the science advisory panel on the basis of their eminence in the field. They were selected in consultation with all of the commissioners, including Professor Will Steffen, who is the science advisor on the commission. One of the prerequisites is that the members of the science advisory panel are eminent in their field, have published peer reviewed literature and can make a contribution.

Senator IAN MACDONALD—And have a particular view. Nobody who has not got a view, that same view, is on the science panel.

Ms Sidhu—That was not the basis of the selection.

Senator IAN MACDONALD—Do you think it would have been wise, perhaps in the interest of accountability and openness, to pop on someone who is known not to share the view so that you get a range of opinion?

Senator Wong—Scientists were selected on merit, Senator.

Senator IAN MACDONALD—You talk about maligning people who cannot defend themselves, Senator Wong; that is a classic.

Senator Wong—I am simply saying that the government does not make a decision based on people's particular views. Advice was taken and the decisions were made on the basis of that.

Senator IAN MACDONALD—You obviously did not take advice from me. I would have suggested you put on—

Senator Wong—That is true. On climate change, I confess, I do not take advice from you.

Senator IAN MACDONALD—No, but you take advice from people who have the same view as you and so you have a one-dimensional view of the science. They are probably right but they may not be.

CHAIR—Senator Macdonald, do you have specific questions on this, other than your point of view?

Senator IAN MACDONALD—Was the board required to indicate their support for the government's position before they were appointed to the board?

Ms Sidhu—No.

Senator IAN MACDONALD—Did anyone see what their view was before they were appointed? Are any of them what Senator Wong would call climate change deniers?

Ms Sidhu—The basis of selection of the members of the commission was that they were able to bring a range of expertise to the question before them and that they were able to communicate to the public the science of climate change, international action and—

Senator IAN MACDONALD—So what is—

Senator Wong—Actually she had not finished her answer, Senator.

Ms Sidhu—and that they were able to communicate to the Australian public in simple and clear terms issues around the science of climate change, the state of international action and the mechanics behind the carbon price.

Senator IAN MACDONALD—What is Mr Flannery's expertise? What is his field of endeavour?

Ms Sidhu—When we were considering who might be the chief commissioner, a number of recommendations had been made and people were considered, but essentially the criteria for selecting a chief commissioner was a person who had demonstrated leadership in the community and a person who could communicate climate change to the Australian community.

Senator Wong—Senator, if I could just add to that—

Senator IAN MACDONALD—We could get through this a lot better if you actually answered the questions.

Senator Wong—If I could just add to that?

CHAIR—Senator Macdonald, the witness is trying to answer.

Senator Wong—If I could just add to that, Senator. I think you understood from our previous answers that the Climate Commission has a range of people on it, not only scientists. Obviously Mr Hueston, who is the former CEO of BP, is one of them, as is Mr Beale, whom I think you might know from your work under the former government. That is over and above the science advisory panel, which is made up of scientists with expertise in different fields.

Senator IAN MACDONALD—Ms Sidhu, you are going to get through this much quicker if you actually answer the questions I ask. The other information is interesting but someone else can ask about that.

CHAIR—Senator Macdonald, let me worry about the timing. I will fix that.

Senator IAN MACDONALD—That is why I am very conscious of this, Mr Chairman. My question was, what is Mr Flannery's background? What is his discipline?

Ms Sidhu—Professor Flannery is a palaeo-scientist, I understand, and he is currently a professor in the faculty of science at Macquarie University. He was also chair of the Copenhagen Climate Council from 2007 until 2010 and, as you are probably aware, Senator Macdonald, he has also written on climate change as well as on other topics in the past. He is acknowledged to be a good communicator and the government was looking for a person with a blend of leadership skills, communication skills and some background and expertise on climate change.

Senator IAN MACDONALD—Do you know if his field of study was of mammals? Was that his expertise? Do you know that? That is not something you know?

Ms Sidhu—I do not have his—

Senator IAN MACDONALD—That is okay. I guess I can Google him and find out. Tell me, is it true that he is getting \$180,000 salary?

Ms Sidhu—The basis on which the chief commissioner is paid is on an average of three days duty per week over a course of a year. This equates to, pro rata, about \$180,000 per year, yes. That is about equivalent to, for example, what Professor Garnaut is being paid at the moment for his services, pro rata.

Senator IAN MACDONALD—So it is much more than anyone sitting at this table is getting paid for a seven-day-a-week job, and I suspect even more than the minister at the table is being paid for her very busy job. You will tell me, I guess, that the Remuneration Tribunal set the pay; is that right?

Ms Sidhu—It is consistent with the Remuneration Tribunal's determinations, yes, that is right.

Senator IAN MACDONALD—Did they set it?

Ms Sidhu—No, they did not set it as such. There is a table of indicative remuneration that the Remuneration Tribunal puts out for various positions, and it is consistent with that.

Senator IAN MACDONALD—So it was set by the minister you are saying?

Ms Sidhu—Yes, I think that is the case.

CHAIR—Just on that point, is that unusual for the minister to be setting these? What has happened under previous administrations with similar appointments?

Ms Sidhu—Yes, as has been the case with the remuneration for the expert advisers on the Multi-Party Climate Change Committee.

Senator IAN MACDONALD—Tell me about that.

Ms Sidhu—I am not across that but when we were investigating the basis for remuneration we did investigate comparable—

Senator IAN MACDONALD—Who do I ask about that?

Mr Comley—On both these issues, the salary for the climate commissioner was essentially referenced to a deputy secretary level in the Commonwealth, which was basically how it was

apportioned. In terms of the Multi-Party Climate Change Committee, there was reference made to the Remuneration Tribunal sitting day fees. Whilst it was not set by the Remuneration Tribunal, it was set at the same rate as the sitting fees for broadly comparable bodies that the Remuneration Tribunal uses.

Senator IAN MACDONALD—Who is the minister for climate change these days; is it Mr Combet? Minister, as the representative of Mr Combet, do you think, or can you take on notice for Mr Combet, that paying a part-time chairman more than a backbencher, indeed more than a minister of the Crown, gets as a salary is an appropriate use of taxpayers' money?

Senator Wong—As I understand Mr Comley's answer, it is not unusual for people in this position to be paid these sorts of amounts. My recollection in previous matters in which I have had some involvement is that referencing of a particular salary level within the Australian Public Service is the normal practice. I can certainly take it on notice and see if Mr Combet has anything further to add.

Senator IAN MACDONALD—Thank you, Minister, I would appreciate that. My question was really does the minister think, as a member of a government concerned about over-expenditure and wanting to make savings, that paying a part-time commissioner more than a seven-day-a-week parliamentarian, and indeed an eight-day-a-week minister, is an appropriate use of funding? I know as a minister he would have authority and power over that so I would just be interested in views as the appointing minister.

Is it part of their terms of reference to be balanced; are they meant to be fair and across the board in their comments? I will get to where I am going to. Professor Flannery is on record with quite a number of statements about droughts and that it is never going to rain in Australia again. He did not actually say that but there have certainly been a lot of alarmist comments from Professor Flannery over a period of years. I just wonder if the terms of reference require that he has an open mind about his job or is he allowed to propagate what some may say are his prejudices?

Senator Wong—If Ms Sidhu has something to add, obviously she is welcome to. I reject the term 'prejudice'. Perhaps this is best answered by Mr Flannery's own words where he is on the public record as saying, and I quote:

It is not the Climate Commission's business to 'sell' anything to the public. Our role is to engage people on climate science and the state of international climate change action, and to explain carbon pricing as Australia deals with this problem.

Your readers deserve also to know that the Climate Commission is independent of government. Having publicly criticised prime ministers from both sides of politics, I value my independence greatly, and would not have taken up the Chief Commissioner position were this not crystal clear.

Senator IAN MACDONALD—Mr Flannery, according to newspaper reports is on the record as saying, 'The social licence of coal to operate is rapidly being withdrawn globally'. He is also quoted as saying, 'We should switch to green power', and he apparently recommended geothermal. He then said the hot rocks technology was 'relatively straightforward'. Does Professor Flannery lodge a statement of conflict of interest or a statement of his interests the same as parliamentarians do?

Ms Sidhu—Professor Flannery, like all other appointees to government positions, has lodged a statement of conflict of interest, yes.

Senator IAN MACDONALD—Are they publicly available?

Ms Sidhu—I would have to take that on notice. I am not sure.

Mr Comley—No, they are not. It is not standard practice to make non-parliamentary conflicts of interest available.

Senator IAN MACDONALD—So parliamentarians do it but people who have far more influence and far bigger pay do not have to make them public?

Mr Comley—Standard practice, which has been longstanding, is, for example, for all senior executives within the Commonwealth Public Service to lodge declarations of financial interest with the departmental secretary and departmental secretaries lodge it with their minister. They are not made public but put within the system are their financial records, statements and declarations.

CHAIR—Just on this point, Mr Comley, when you say longstanding what is longstanding?

Mr Comley—Someone who has got longer in the SES than me could comment, but certainly I have been in the SES for 12 or 13 years and have always had to lodge a declaration of financial interests. I suspect Mr Leeper at the table can add a little more history to that.

CHAIR—No. I was only after that time frame.

Mr Comley—Fifteen years.

Senator IAN MACDONALD—Mr Comley, can you explain the rationale why parliamentarians, who effectively, according to a very prominent member of the government, just act as zombies, have to tell the public whether they have shares in a hot rocks company, for example, that they might be debating and people like Professor Flannery, who have far more influence, are far more persuasive, could perhaps hypothetically have shares in a hot rocks company and yet the public are not allowed to know that?

Mr Comley—I actually think this is a question you should direct to Prime Minister and Cabinet because this is a general policy across the whole government for people who are employed by the government.

Senator IAN MACDONALD—I have read a newspaper report that suggests that Mr Flannery does have shares in a company called Geodynamics. It is only a newspaper report so I cannot vouch for its accuracy. It would be interesting to know, though, would it not? Could you take on notice and see if the register of interest does show that he has those sorts of interests? I am sure in his defence if that is not true, it would be good for the public to know that this newspaper report that I am quoting from is not accurate.

Senator Wong—We will check what further information we can or cannot give you but the general approach, in relation to these types of appointments, is that the government is advised of conflicts of interest potentials in relation to a whole range of board appointments. Certainly in my portfolio that is a standard part of the documentation that comes forward; it would have been when you were a minister too. I do not believe there is a practice in general terms of publishing the financial information of everybody the government appoints to a position.

You asked why parliamentarians are different. I suppose we are subject to greater public scrutiny around the things we own and our financial interests, and that is the position that senators and members have always been in.

Senator IAN MACDONALD—I was asking for the rationale, not the factual thing, but thank you.

Senator Wong—I think when we run for public office we do put ourselves in the position of having those sorts of aspects of our personal financial arrangements—

Senator IAN MACDONALD—So we should.

Senator Wong—All of us do it, so we all have—

Senator IAN MACDONALD—One would think the same might apply to—

Senator Wong—I will take some advice on this. As Mr Comley said, it is probably an issue more for Prime Minister and Cabinet because nothing has occurred here that is not different from the normal practice around these types of appointments.

Senator IAN MACDONALD—The normal practice does not make it the correct one.

Senator Wong—No, but we have not sought information about the financial affairs being public, for example, of Mr Hueston or Mr Beale, who, as you would know, was a senior public servant when you were in government as well.

Senator IAN MACDONALD—Who is Mr Hueston?

Senator Wong—Gerry Hueston was the former CEO of BP. He is a member of the Climate Commission.

Senator IAN MACDONALD—Perhaps we could strike that from the record. Perhaps I should have known that. I go back to my comment that Mr Flannery is quoted as saying that this technology was ‘relatively straightforward’. I understand that Geodynamics, one of the companies doing this sort of thing, had an explosion in one of five wells and damage to others. They all had to be plugged with cement. I just wonder how ‘relatively straightforward’ that is. That I guess does not really matter except that the guy who is in charge of this Climate Commission is allegedly making comments about this being relatively straightforward and it is anything but. I am questioning perhaps his judgment in these areas.

Mr Comley—For a start, the context in which Professor Flannery may or may not have made that comment is something that we do not have before us. I just do not think it is appropriate for us to take a quote that Professor Flannery may have said in a particular context and make commentary on whether it was accurate or inaccurate at the time.

Senator IAN MACDONALD—That is a fair comment too. One of the reasons I raised these is that they are in the public record and here is a chance for you or for Professor Flannery to discount them and I think that is perhaps only fair. What sort of administrative support will this commission be given?

Ms Sidhu—The commission will be supported by a small team from within the Department of Climate Change and Energy Efficiency, but it is technically separate from the line area. It is essentially basically helping with meeting arrangements and assisting the commission with any particular events or activities that it wants to undertake.

Senator IAN MACDONALD—I take it that getting the administrative support is still a work in progress?

Ms Sidhu—Yes, that is exactly right. The commission was only announced on 10 February so there has been a fair bit of work in place to get it up and running.

Senator IAN MACDONALD—This is perhaps proactive—it is going to happen but it has not happened yet—but when it happens, could you advise the committee just what the arrangements are and how many staff are being allocated to it? Perhaps you could tell me now whether the commission and the Scientific Advisory Panel have a particular budget. Where does that come from and what is it?

Ms Sidhu—The entire budget for the commission is as was published in the budget papers.

Mr Leeper—It is \$5.6 million.

Ms Sidhu—So it is \$5.6 million over four years. The budget for the current financial year is of the order of \$765,000.

Senator IAN MACDONALD—So which budget papers were these in?

Ms Sidhu—I do not have those before me. I understand that they were in the additional estimates budgets.

Senator IAN MACDONALD—This was an election commitment I think someone told me earlier.

Ms Sidhu—Yes, that is right.

Senator IAN MACDONALD—So it cannot have been last year's budget?

Ms Sidhu—No.

Mr Leeper—The estimates are provided at page 16 of the additional estimates documents. It is in the increase in estimates component at the bottom of the page: 'Climate change commission, \$781,000 in 2010-11' and about \$1.6 million in each of the forward years.

Senator IAN MACDONALD—I suspect my colleague, Senator Birmingham, was about to tell me that as well, having been better across the figures than I have been. How is the Climate Commission going to work? Is it going to be subject, for example, to parliamentary scrutiny? Will we have the opportunity of questioning them at these hearings into the future?

Ms Sidhu—The intention of setting up the commission was to provide the public, the Australian community, with a source of independent advice and information on climate change. The commission's terms of reference actually set out very explicitly that, 'The Commission is an expert body and Commission deliberations, reports and public engagement will not be subject to Ministerial direction.' So, it is intended to be entirely independent. It is the first line under 'Other matters'. It further goes on to say, Senator, that, 'The Commission will not comment on policy matters nor provide policy advice or recommendations.'

Senator IAN MACDONALD—So it will not comment on policy matters or provide policy advice?

Ms Sidhu—That is right.

Senator IAN MACDONALD—Again, I am sorry, can you just tell me what it will do?

Ms Sidhu—The document says:

The Commission will provide information and expert advice to: explain the science of climate change and the impacts on Australia; report on the progress of international action dealing with climate change; explain the purpose and operation of a carbon price and how it may interact with the Australian economy and communities.

It is essentially intended to conduct a series of public outreach and public information.

Senator IAN MACDONALD—I appreciate this is not your doing, it is the government's initiative, but it is going to actually get involved in very public policy political issues like carbon prices and that sort of thing. Is there any way that the commission will not be able to become politically partisan when part of its terms of reference deal with matters that are of high debate in the general public and therefore in the political arena?

Mr Comley—It is a good question in the context of what are contentious issues. It is actually not that dissimilar at times to the nature of these hearings, where obviously officials are not required to comment on policy but there are a range of factual matters that have policy implications. It has been long established here that officials can explain the factual basis of that. The commission is in a position where it will be commenting on things of a factual basis which may have policy implications but it is not a partisan matter to engage in that discussion as long as you are doing it in a fair and balanced way.

Senator IAN MACDONALD—That is very true. There is a slight difference, Mr Comley: we can question you and say to you, 'Hang on, that is a policy issue,' or 'Hang on, we are not asking your opinion, we are asking for facts,' but these people, as you rightly point out, are not subject to ministerial direction, which I suspect is a clever way of saying that they are not going to come and be questioned by we inquisitive senators. They have a job of husbanding political opinion in Australia towards a politically partisan goal that the government of the day happens to have.

Mr Comley—Their role is to inform the public debate with the scientific factual basis and the other expertise that the commission brings. It is really to try and lift up the public debate by providing information rather than anything else. I suspect they will be held to account in a range of ways; not ministerial direction but they will be heavily scrutinised, as they should be, as to whether they are walking that line appropriately.

Senator IAN MACDONALD—Can you explain how that is going to happen? They are not subject to parliamentary scrutiny and not subject to ministerial scrutiny, so where is the scrutiny? I did not quite catch that.

Mr Comley—Ultimately the appropriation is subject to scrutiny, the need for the commission will be subject to scrutiny. All of those will occur over time. In fact, answering an earlier question as to when the funding was provided, just to complete that, portfolio additional estimates appropriations records the amount of money on page 16. There will be scrutiny of the commission, I have no doubt about that.

Senator IAN MACDONALD—So we will be able to question them?

Senator Wong—The intention, as I understand it, is that the commission will hold a range of public outreach events.

Senator IAN MACDONALD—So they will be subject to Senate estimates committee questioning, too, I take it from what Mr Comley has just said. Or was it you, Minister, who just said it? I am not sure which. One of you said it.

Mr Comley—I did not actually say that, Senator.

Senator IAN MACDONALD—Do not let me verbal you.

Mr Comley—No, I am not accusing you of that. They are in the same situation that we have traversed with the Garnaut review in the past. That report was funded through the department. There is the possibility that the commission will appear before estimates.

Senator IAN MACDONALD—I look forward to questioning Professor Flannery in the future.

Mr Comley—Can I just follow up one other thing? There was a discussion earlier about how Professor Flannery's salary was set. I should make it clear that the department did provide advice on the salary that was appropriate, benchmarked against relevant other activities, in particular the arrangement for Professor Garnaut. So any implication—and I am not saying that you made this implication—that the minister just plucked a number of the air is wrong. Comparable activities were used by the department in finalising that salary, and that was consistent with the election costing.

Senator IAN MACDONALD—I know I cannot ask you to explain the advice you give to the department but it would be interesting to know why the department thinks that a part-time academic should be paid more than senators and perhaps even their minister. I am not sure what Minister Wong's salary is but I suspect that, if it is more than \$180,000, it is not much more—perhaps in the early \$200,000's. But it seems to be a strange sort of relativity for what people are paid, particularly in these straightened times when governments are tightening their belts.

Mr Comley—My first comment is that I have read comments on salaries of a range of public officers and when I have dug into them I have found out that the headline that is quoted is not actually reflective of the total remuneration package. So I think that is an important qualification to put on this. What we effectively did was to look at what we thought the comparable task description was in terms of other departmental officers. Whenever you do that sort of analysis, there is a balance of things. For example, some deputy secretaries would have very large staffing loads but the nature of the judgments and the ambiguity can be different and the nature of the public exposure can be different.

Senator IAN MACDONALD—They work five days a week, yes.

Mr Comley—Essentially we were asking this question: what would the full-time equivalent job in terms of a job value be assessed at? Once you make that judgment, and the judgment was made that it was broadly equivalent to, say, the role Professor Garnaut took as a deputy secretary equivalent, which is recognition not so much of the staff or the budget but recognition of the nature of the task and the complexity of that, then you move to a pro rata allocation for the number of days. So that was essentially the process. We asked: if this was full time, what would be the relevant grade you would assess it at in the Public Service? Then we took a pro rata amount.

I do not want to imply that if you did a full comparison against a range of salaries, both inside and outside the Public Service, that that is necessarily deemed by everyone to be fair. That is an argument that is well beyond me to resolve. But in terms of the relevant comparative we took into account, which was the Public Service and other remuneration arrangements that were seen as appropriate, that was the advice we provided to the minister.

Senator IAN MACDONALD—I am not suggesting you said this, and I am also indicating I do not think it is appropriate, but when you said that it was his salary and there was not much else to it, you were not suggesting that he will not get his business class travel paid everywhere and he will not—

Mr Comley—No, I am not suggesting that. I was more making the comparison with other people where salaries are quoted, but do not include things like car allowances and other things that you would normally think of as part of a remuneration package.

Senator IAN MACDONALD—But Professor Flannery, quite rightly, will be getting his travel paid, his accommodation allowed for—

Mr Comley—Normal business expenses will be covered, that is right.

Senator IAN MACDONALD—Will he be expected to attend international conferences and discussions overseas?

Mr Comley—It is not the primary focus of the role, but he might do that. He might do that partly to inform himself of the state of the science and the state of the evolving debate.

Senator IAN MACDONALD—Tell him he could turn on his laptop and get it on the web to save the expense.

Mr Comley—I think there is a range of things that one can do electronically. There is a range of things for which you need to have a face to face discussion.

Senator IAN MACDONALD—To whom will he be accountable for that? Will he just say, ‘Paris is nice in spring, and there is a conference on, so I will slip over there’? Is that his decision or is it the minister’s decision, or is it the departmental secretary’s decision? Could you just tell me how that will work.

Senator Wong—I will ask Mr Comley to explain to you the process, if he is able to, involved in those sorts of decisions, but I do think it is important that I intervene here and perhaps defend someone who is not here to defend themselves. To suggest that Professor Flannery would say, ‘Paris is nice in spring and I should go,’ is really, if I may say, quite inappropriate.

Senator IAN MACDONALD—I know that never happens with academics, Minister.

Senator Wong—This is a gentleman who, if I can remind you, was named Australian of the Year by John Howard.

Senator IAN MACDONALD—I hope not by John Howard. I thought those decisions were made by others. Perhaps in your government they are made by the Prime Minister—

Senator Wong—Under John Howard. It is true, I accept that.

Senator IAN MACDONALD—I would have thought they were done by the Australia Council.

Senator Wong—I accept that, under John Howard.

Senator IAN MACDONALD—I thought you said, ‘by John Howard’.

Senator Wong—Yes, I did, that was an error: it was under John Howard. I have to say, to continue to use these estimates hearings to put forward smear and innuendo is really inappropriate. If you have an issue with Mr Flannery’s views, talk about those views. To suggest that that is how he would use public money I think is utterly inappropriate.

CHAIR—My view is that the minister has made a valid point here. You should actually deal with the issues and not the personality.

Senator IAN MACDONALD—Anyone watching this could hardly think that anything I have said is offensive. But perhaps I could more precisely ask the question—

CHAIR—This goes to the issue of sensitivity, which is now a big issue in the coalition.

Senator IAN MACDONALD—As you know, I am a very sensitive person, Mr Chairman. The question remains, which I think perhaps the minister has answered; she is going to take it on notice and find out. It surprises me that someone does not know what the rules are. If Professor Flannery believes that it is essential for him to attend Paris, New York or anywhere else overseas—

Senator Wong—Possibly not Disneyland, Senator.

Senator IAN MACDONALD—Possibly not Disneyland, no, perhaps not, Minister. Perhaps if he went to Disneyland he would be able to see whether it is appropriate to build something like it in North Queensland where, under your government, unemployment has reached catastrophic proportions.

Senator Wong—I would be very happy to have a discussion about it.

CHAIR—Senator Macdonald, you have had a good go.

Senator IAN MACDONALD—The minister keeps interrupting.

CHAIR—I am happy to let you continue this line of questioning, but I am asking you to keep the questioning to the relevant issues; no political commentary. Get on with the issues. Other senators are taking the call, and I will go to other senators if you keep going.

Senator IAN MACDONALD—I know that you are admonishing me and the minister for these incursions.

CHAIR—No, not the minister.

Senator Wong—He does admonish me, though, Senator.

Senator IAN MACDONALD—So, have I got the answer? Nobody has a clue but we are going to find out—

Senator Wong—No, actually what I said was that Mr Comley can assist, and if he does not, we will take it on notice.

Mr Leeper—As I understand the financial management accountability framework, any expenditure of public funds would need to be authorised by a departmental official. Unless I have read the material incorrectly, it is not intended that the Climate Commission manage its own budget; the department will provide that support. I may have that wrong, so we will take it on notice and check it. But the general principle would be that, where public funds are being expended, a delegate needs to be satisfied that the expenditure of funds represents efficient, ethical and effective use of public money and, in all cases involving overseas travel, the relevant delegate would satisfy themselves of that.

Senator IAN MACDONALD—So whether he goes or not will eventually be up to the secretary or his delegate?

Mr Comley—Eventually, but I—

Senator IAN MACDONALD—The buck will stop with you, Mr Comley, I think?

Mr Comley—The buck ultimately always rests with the secretary in these things. I think the important context here is that there is a genuine desire for the commission to be independent in practice. That means that, for exactly the reasons that Mr Leeper has laid out, there will have to be a cosignatory within the organisation that authorises travel. However, to a large part, we would expect that the commission within its budget would determine its priorities in how they wish to discharge those activities, including international travel.

Senator IAN MACDONALD—That seems to be a slight withdrawal from what Mr Leeper has said.

Mr Comley—No, it is not a withdrawal at all. It is actually very similar in practice to, for example, my own travel when I was a deputy secretary, where formally it is approved within the department but frankly the time budget means that you knock back most of the invitations you get for travel where you would actually be doing something that would be worthwhile, but other priorities intervene.

Mr Comley—Yes, but you are a full-time employee of the people. Professor Flannery is part time.

Mr Comley—Professor Flannery has a range of responsibilities and is very professionally committed in a range of fronts to do things. The suggestion that he would have the time to take non-core travel is not in accordance with my understanding of both his commitment to the task and the range of tasks he will have to undertake, both domestically and internationally.

Senator IAN MACDONALD—I accept that. My final question along this line relates to something you have been emphasising. It is an independent commission, yet it is filled up with people who all have the same view in a subject matter that is highly contentious around the world. How can it possibly be independent when it has a focus and personnel, and a scientific panel, who all have very fixed views that the general public do not have?

Mr Comley—The suggestion that something on which there is a range of views within the general public has to have that range of views replicated within a scientific advisory group does not really accord with what we are after.

Senator IAN MACDONALD—Is that not arrogance to the nth degree to suggest that this group has a view and they are right, when a large part of the general public—who at least, I think it would be fair to say are 50:50 in round terms—do not accept it? You have all this taxpayers' money being spent on a group of people who have a firm view, and they are trying to impose their view on the rest of the world.

Senator Wong—Imposition is the wrong word.

Senator IAN MACDONALD—Okay. So what should I have said, Minister?

Senator Wong—Mr Comley has explained that it is about providing information, providing expert advice, explaining to people the science, reporting on progress on the international action, explaining the purpose and operation of the carbon price. These are matters which are good to have ventilated in the public arena and the purpose of the commission is to assist in that.

Senator IAN MACDONALD—It sure is, Minister. So you will be making some money available to people like the very highly regarded and respected Professor Carter to publish his views and let the public understand what he claims are the facts of the matter, and the predominance of scientific support is in favour of his views. So I assume from what you say, Minister, that the government will also be providing him with the support to enable him to educate the public on what he believes, with equal veracity and passion as Professor Flannery, is the real state of the science?

Senator Wong—I think Professor Steffen in a previous estimates explained the scientific differences between his view and Mr Carter and I do not really wish to traverse that again.

Senator IAN MACDONALD—I am not asking you to traverse it. You, like I, are a mere politician; we are not scientists. I would not expect you to traverse it. But I would have thought that your government, having provided quite a substantial campaigning tool in the climate science sense, to explain and educate—read 'propagandise— someone—

Senator Wong—I just disagree with that.

Senator IAN MACDONALD—Okay, but you are providing money to educate the public on their view of climate science, and I assume from that, in fairness, you will be providing Professor Carter and his literally thousands of professional colleagues with similar funding so that they can educate the public on their view on the science?

Senator Wong—There are also people who believe the world is flat, and the government does not fund that.

Senator IAN MACDONALD—I am not sure that too many people actually believe that anymore, Minister; perhaps you.

CHAIR—Senator Macdonald, you are now an hour and 10 minutes late for your appointment, so I will let you go, and we will move on.

Senator IAN MACDONALD—Thank you, Mr Chairman, I do appreciate your forbearance.

CHAIR—Who can help me with respect to national coastal adaptation? The issue has been raised by Senator Boswell, and his personal view is that there is no significant—

Senator BOSWELL—The trouble is that—

CHAIR—Just bear with me. You did say that you could not see any problem, so I am just asking who can help me with the national coastal adaptation, and why do we have a national coastal adaptation policy?

Ms Sidhu—The Australian government put out last year a framework of its climate change policy more generally, and it laid out a number of areas where adaptation policy would be a priority. These included questions of infrastructure and public settlements along Australia's coast, agriculture, water, and disaster and emergency management. The government has prioritised a number of these. As you may be aware, a number of agencies are working on these areas, particularly in water and agriculture. The Department of Climate Change and Energy Efficiency has put a fair amount of work into the national coastal adaptation efforts, and this work includes most recently, on 15 December last year, the release of sea level rise mapping as a way of providing information to the Australian public about the potential risks to Australia's coastline from rising sea levels. We are working in parallel with local governments through the local adaptation program to raise awareness of local issues, particularly with those local governments in coastal areas, to help with their adaptation planning and the planning decisions they have to make going into the future. There are a range of activities under this program.

CHAIR—I suppose this is the appropriate place to ask about carbon capture and storage?

Mr Comley—Yes.

CHAIR—Can you indicate what progress has been made in relation to the science of carbon capture and storage?

Mr Comley—The science of carbon capture and storage, as I understand it, is not so much in dispute; the real issue is how you operationalise that. The best place to answer that is actually the RET portfolio, because they have responsibility for the CCS flagships and the Global Carbon Capture and Storage Institute, and that is really the cutting edge of how you take the science, which is, as I understand it, relatively uncontroversial, and ask the question: can you do this at commercial scale?

CHAIR—Before you start, Senator Birmingham, on behalf of the committee, we congratulate you on the recent birth of your daughter. Best wishes to you, your wife and your family.

Senator BIRMINGHAM—Thank you, Chair, and minister and colleagues. I am sure she will be delighted to have an extract of Senate estimates *Hansard* in her scrapbook, young Matilda.

Senator Wong—Hello Matilda; how are you? There you are, it is on the record. Welcome to the world.

Senator BIRMINGHAM—While we are on niceties, Mr Comley, not having said anything today, can I extend my congratulations to you on your pending appointment, and thanks, on behalf of the opposition, to Dr Parkinson for his willingness and at times forbearance. I am sure he will need all of those things in equal doses for his new role. If I can just tidy up on a few matters that Senator Macdonald was handling relating to the climate

change commission, before we fully close the door on that matter. In relation to the budgeted items there, of which we have \$781,000 for the remainder of this year, we have ascertained the basis on which Professor Flannery will be paid as chair. Are the other members of the commission paid on a similar basis, of per day per week, and at what level? How is that working, please?

Ms Sidhu—The other commissioners are expected to commit on average about three to four days a month, but they will be paid at a daily rate rather than an ongoing rate.

Senator BIRMINGHAM—What is that daily rate?

Ms Sidhu—It is a daily rate of \$847 per day.

Senator BIRMINGHAM—In relation to the budget that is established of \$781,000 for the current financial year, how does that stack up in terms of what proportion of it is for sitting fees, for members of the commission, for travel? Just to be clear, does it include staff support, or is that all to be provided from within existing departmental funds?

Ms Sidhu—It does not include the secretariat support provided by the department; that is absorbed by the department itself. As I said earlier, we are in the process of establishing that secretariat. The \$781,000 is entirely to cover the costs of remuneration and expenses for the commissioners themselves, as well as to cover the costs of any activities that the commission might undertake.

Senator BIRMINGHAM—That would include their own research, advertising, or any of those types of things?

Ms Sidhu—If they were to decide to do so, yes.

Senator BIRMINGHAM—How much funding is essentially committed by virtue of the budgeted sitting fees, the expected costs of travel and those types of things as against discretionary, shall we say, expenditure for the commission?

Ms Sidhu—I would really have to take that on notice. The reason for that is that the commission has only had one meeting, and it has only begun its set of deliberations. It hopes to wind those up fairly soon, out of session, about what kinds of activities it might undertake. It will be much easier to form a clearer sense of a budget once that is settled. We would only be able to provide you with a rough estimate at this point.

Senator BIRMINGHAM—Surely in terms of the figures that have been published in the additional estimates papers, the department obviously has made some estimates of what the cost of payment to the commissioners will be. Is there a payment to the scientific advisory panel as well?

Ms Sidhu—Yes, but it is a very small payment. Each member of the scientific advisory panel is paid sort of a one-off retainer, and then a daily fee for when they are asked to provide advice by the commission.

Senator BIRMINGHAM—Could you provide that on notice?

Ms Sidhu—Certainly.

Senator BIRMINGHAM—To go back to the point, the department would obviously have done some budgeting of how much the commissioners will be paid, how much the scientific

panel will be paid, what the travel expenses will be, and then presumably made a reasonable estimate of other discretionary operational expenses for the commission?

Ms Sidhu—Yes.

Senator BIRMINGHAM—Do we have any of those figures to hand as to what that breakdown is and what those discretionary figures are?

Ms Sidhu—We did have an initial estimate. Clearly some of that will have to be adjusted. I do not have those to hand, but am very happy to provide that on notice if you would like.

Senator BIRMINGHAM—If you provide as much of that breakdown as possible, that would be appreciated. Of course, as indicated, the commission was an election promise of the government's, and I think I have an answer to a question on notice that it was not an idea of the department, nor was the department providing the advice prior to the election on such a commission. Did the department provide advice post the election on the structure of the commission, how many commissioners would be appropriate, whether it needed a scientific advisory panel and those types of things?

Ms Sidhu—Yes, we did.

Senator BIRMINGHAM—In terms of that advice provided, is it consistent with the department's advice?

Ms Sidhu—Yes.

Senator BIRMINGHAM—When was the decision made as to what the structure would be—how many commissioners and how it would be structured?

Ms Sidhu—I would have to take that on notice. There was a bit of a process, obviously, in advising the minister and the lead-up to the appointment and to the announcement of the commission, but I would really have to take on notice when that decision was actually made.

Senator BIRMINGHAM—If you could, that would be appreciated. Thank you. When did the process of selecting the commissioners start?

Ms Sidhu—It would have been late last year, but I cannot recall exactly when.

Senator BIRMINGHAM—Can you give a quick outline of that process?

Ms Sidhu—My understanding is that the key issue was to settle, after the election, the role and the terms of reference of the commission itself. Having settled the terms of reference and the proposed role of the commission, what followed was a set of criteria against which potential commissioners might be selected. The commissioners' advice to the minister was about potential appointees who might fit those selection criteria, and the decision was made following that advice. Once the chief commissioner was selected, the chief commissioner in consultation with others, including the secretary of the department and Will Steffen, went through a bit of a process to select who the other commissioners might be.

Senator BIRMINGHAM—How many potential candidates for chief commissioner were identified?

Ms Sidhu—Originally three.

Senator BIRMINGHAM—Was only one ever approached?

Ms Sidhu—That is the usual way these things are done. You select your preferred candidate and you approach them.

Senator BIRMINGHAM—But someone could have been approached and declined, of course.

Ms Sidhu—My understanding is that there was only one approached.

Senator BIRMINGHAM—How many potential commissioners were identified?

Ms Sidhu—I cannot recall off hand. I think there were quite a number.

Senator BIRMINGHAM—If you could provide that on notice, that would be appreciated.

Ms Sidhu—Certainly.

Senator BIRMINGHAM—Thank you. Again, did anyone decline to participate as a commissioner?

Ms Sidhu—Not that I recall.

Senator BIRMINGHAM—If you could just confirm that as well, that would also be appreciated. I note in the additional estimates statements that the commission is identified with program 1.3, notwithstanding the fact that I think this committee is still dealing with program 1.1. We seem to have jumped around on a few things.

Senator Wong—Senator Cameron is a very relaxed, Chair.

Senator BIRMINGHAM—He is, indeed. The department is very accommodating on these matters, thank you, Minister. Why is the adapting to climate change program seen to be the appropriate area for this commission?

Ms Sidhu—The decision was made chiefly because, as originally conceived, the commission was thought to take largely a role of informing about the science, so program 1.3 also covers the science of climate change. There is a science team in my division that does that work. It was felt that there were synergies in terms of providing information to the commission. The division is also the home to the Communications and Public Affairs Branch, and because of the public outreach works, it made organisational sense, essentially, to fit those together, but also because of the science dimension.

Senator BIRMINGHAM—But notwithstanding that, you would expect the commission will probably be commenting on some if not all of the program areas of the department?

Ms Sidhu—Yes.

Senator BIRMINGHAM—I note in the additional estimates that, despite the inclusion of the commission, there appear to be no new objective deliverables or KPRs for 1.3. Does the commission have its own KPRs or deliverables that will be developed?

Ms Sidhu—Essentially those will be derived from its terms of reference.

Senator BIRMINGHAM—Lastly on the commission, I go to the Multi-Party Climate Change Committee. Mr Comley, I think you mentioned in response to Senator Macdonald that the sitting fees determined for Professor Flannery were based on the advice that had been provided regarding sitting fees for the Multi-Party Climate Change Committee.

Mr Comley—No. I believe what I said was that Professor Flannery's was primarily based on departmental salary rates cross-referenced with what the Remuneration Tribunal determinations were for comparable positions. Professor Flannery's position is different in nature from someone who has a daily sitting fee. Daily sitting fees are typically arranged for people who do not have, if you like, an ongoing managerial or executive responsibility for something, whereas Professor Flannery clearly has three days a week but very much ownership of driving the full direction of the commission. The Multi-Party Climate Change Committee experts' fees were made with reference to the Remuneration Tribunal, as are the daily sitting fees for the nonchairs—so, those other than Professor Flannery—but Professor Flannery's rates were not made with respect to a daily sitting fee because it is a different type of engagement.

Senator BIRMINGHAM—Will staff be reporting directly to Professor Flannery when the commission is operational?

Ms Sidhu—No, not as such. The secretariat within the department will obviously work very closely with Professor Flannery to provide the support he requires, but I would not characterise them as staff reporting to Professor Flannery.

Senator BIRMINGHAM—They will still report to you, I assume?

Ms Sidhu—That is right.

Senator BIRMINGHAM—Will you attend all of the meetings of the commission? Is that expected?

Ms Sidhu—I or one of my staff, yes.

Senator BIRMINGHAM—Thank you.

CHAIR—Just on the issue of the Climate Commission, what are the safeguards that are built in to make sure the commission can act independently? How is that done?

Mr Comley—I would not describe them as formal safeguards. I think the answers I have given today indicate the attitude the department will have to the commission, which is essentially that it has been provided a budget. We do not intend to curtail its activities above and beyond observing the standard Public Service proprietaries of ensuring there is ethical use of funds, that it is aligned with the role of the commission. Essentially within the department it will be treated very much as an arm's length body.

Mr Leeper—Consistent with the announcements made by the government and reflected in the material that Minister Wong quoted a few minutes ago, it has been made quite clear to the members of the commission and to the commissioner that they are independent. It is in the nature of the fact that they have accepted those appointments; they understand the government's intention was that the commission be independent and at arm's length. So you would expect, as much as we would police that boundary, they would also help us to make sure that that relationship was set on the right footing and continued to operate that way.

CHAIR—There has been some discussion about the members of both the commission and the scientific support group. Can someone take us through the qualifications of the commissioners in terms of their capacity to do this job?

Mr Leeper—I can read that information, if that is all right. Professor Flannery, I think we have indicated, is a professor in the faculty of science at Macquarie University and was chair of the Copenhagen Climate Council from 2007 to 2010. Professor Will Steffen is an executive director of the ANU Climate Change Institute, and was the science adviser to the department until the time that he accepted the appointment to the commission. So he is no longer formally a science adviser to the department. Dr Susannah Elliott is the Chief Executive Officer of the Australian Science Media Centre. Her placement there is primarily around her extensive experience in science communications. Mr Gerry Hueston is a former president of BP Australasia, a former chairman of the Business Council of Australia Sustainable Growth Task Force, and has wide respect within the business community. Mr Roger Beale is a former secretary of the Department of the Environment and Heritage, and has a strong reputation in both public policy and economics. Professor Lesley Hughes is the head of the Department of Biological Sciences at Macquarie University, and has a strong scientific background and experience in communicating the impacts of climate change. If the committee wants actual CVs for the members, we would need to organise that on notice.

CHAIR—So it is a mixture of scientists, communicators and business people?

Mr Leeper—And Mr Beale probably will not thank me for this description, but he has clearly both been an eminent public servant and a very rigorous economist.

CHAIR—Given that you have an economist on there, will this group be doing any modelling?

Mr Comley—It is not the intention that it does modelling, subject to the point that it was not the intention when the commission was set up. But I go back to that point about independence. If for whatever reason the commission felt that, within its budget, it wanted to do something, that would be a matter for the commission.

CHAIR—I think someone said earlier that one of the scientific advisors has lots of modelling experience; is that true?

Mr Comley—Again, it depends what you mean by modelling.

CHAIR—Climate modelling—Professor Andy Pitman, for example.

Mr Comley—Who, again, is a science advisor rather than a member of the commission. The conception of the science advisory panel is that they would be drawing essentially on their current knowledge base, their current understanding, so that—when the commission wants to check whether something that it might say or put in a publication is consistent with the current state of the science—the commission has access to a panel that has that expertise. I do not think it necessarily means that it would commission modelling. It is perhaps the nature of the science here that there is an enormous amount of science out there, and the art in some respects is not to create new science but to synthesise it in a way that is useful for public debate and for policy.

CHAIR—So, between the commission itself and its science advisory panel, the predominant view that would be taken would be based on the established science; is that correct?

Mr Comley—That is my understanding, yes.

CHAIR—The established science is still showing global warming, increasing sea levels and problems associated with those issues; is that what it will be dealing with?

Mr Comley—That is what the science is indicating, yes.

Senator McEWEN—With respect to the interrelationship between the commission and the panel, can the commission take advice from scientists other than those on the panel?

Mr Comley—Yes. This is just essentially setting up a standing capacity with people so that if they need to get advice, there is a group who have essentially committed themselves to be available at times. There is nothing to stop the commission from seeking advice from scientists outside the panel.

Senator McEWEN—So they could also seek advice from scientists or academics such as those referred to earlier in evidence here by Senator Macdonald?

Mr Comley—That would be open to the commission.

Senator McEWEN—Is it independent to the extent that it can seek whatever advice it needs from whomever it needs to get it from?

Mr Comley—That is correct.

CHAIR—Anything else on this?

Senator LUDLAM—As to the state of reporting of facility by facility based greenhouse gas emissions—is this the appropriate place for that, while we are still in 1.1?

Mr Comley—Yes.

Senator LUDLAM—Has anything been referred to the commission by the government or the department for its early consideration, or is it purely working off its terms of reference and charting its own course?

Ms Sidhu—I think the latter, Senator. There has been no direction from the department to the commission to undertake any particular work. Of course, the secretariat function of the department has provided advice to the commission at its first meeting on ways it might wish to discharge its terms of reference, but that is by way of helping the commission with its deliberations rather than directing the commission in that sense.

Senator BIRMINGHAM—Would you be able to table that advice for the committee?

Mr Comley—I think the advice Ms Sidhu was talking about was oral advice. At the first meeting of the commission, for example, I spoke to the commission and just explained a little bit of the context in which the commission was established. There was no formal written advice; it was just a question of explaining the state of climate change policy, and then that was really an input for it to go and decide where it wanted to deploy its resources over the next period.

Senator BIRMINGHAM—Without taking too long, might you be able to inform the committee of how you advised the commission as to how it might go about discharging its duties?

Mr Comley—Frankly, apart from giving a bit of a description of climate change policy over the last two or three years, which I am happy to repeat for the next hour if you would

like—but I suspect it is not your preference—essentially I just stressed that it was very important for them to be independent and to be mindful of the need that, at the end of the day, the credibility of the commission was the most important thing. Whilst they would have to be very clear on informing the public, the question of credibility was the most important thing for them to think of. That was essentially the nature of my advice.

Senator BIRMINGHAM—Were there any particular priorities you suggested they look at?

Mr Comley—No, I did not suggest priorities. I just stressed that nature of long-term credibility as being important because my understanding of the government's intention is that the Climate Commission is intended to be something of a fairly permanent part of the institutional architecture, not something that is set up for a couple of years and then disappears. That way, the long-term credibility was the most important thing.

CHAIR—When Minister Combet launched it, he spoke about it being authoritative. Senator Macdonald has raised other areas where, if you were listening in, you might think, 'Are these people authoritative?' How do you test whether these appointees are authoritative in their field?

Mr Comley—Ultimately, particularly for the pure science side, you look at their peer review publication record, and I think that, by any stretch of the imagination, the members are authoritative, and certainly, coupled with the science advisory panel, they are of very, very high stature in climate change issues.

CHAIR—As to this idea about peer review, have there been many peer reviewed sceptic papers done?

Mr Comley—I am not sure I can venture into the question of what a sceptic is.

CHAIR—I am using the colloquial term—maybe alternative views?

Mr Comley—I thought it might be helpful, because Mr Swirepik is from our science team and is actually a scientist.

CHAIR—Authoritative, I hope.

Mr Comley—Well, more authoritative than I am on these issues. As you know, Professor Will Steffen has been at these hearings on the last few occasions. He is no longer the climate change science advisor because we thought it was appropriate that, to be on the Climate Commission, he should not continue the appointment with the department. That is unfortunate from the department's point of view, because of Professor Steffen's eminence. Mr Swirepik is the head of our science team, so I am sure he would be happy to answer that question.

CHAIR—Before you do that, Mr Swirepik, maybe you could outline your qualifications for the benefit of the committee?

Mr Swirepik—I was a scientist at CSIRO for a number of years. I only have a bachelor degree; I do not have a PhD. Prior to joining the department I worked at CSIRO as an experimental scientist for 15 years, not in the climate domain. I was an ecologist. I became interested in climate change through understanding ecological process as a part of my work, and was ready to do something new, so I joined the department.

In terms of the question: 'Are there papers within the peer reviewed literature by sceptics?' I would actually take that back a step and suggest that the peer review process is open to credible information. It is open to all information, but it is in effect a filter which takes out information that does not actually stand up to close scrutiny, to make sure that it is factual. I would not identify individuals as being sceptics and being able to get through the filter. 'There are papers published by some sceptics around the world in peer reviewed literature,' would be the answer. On balance, it is a much smaller part of the literature on climate change than that which finds that climate change is happening and man is largely responsible for that change. In the order of about 98 per cent of peer reviewed papers suggest that climate change is happening and it is due to man, versus about two per cent that form a different view.

Senator LUDLAM—With respect to how we report greenhouse gas emissions by facility by facility in Australia, recognising that if we do not know what we are emitting, we are going to struggle to reduce, it is my understanding that every facility, if it is a mine site or an industrial plant or whatever above a certain threshold is obligated to report annual emissions. What is the threshold?

Mr Carter—The facility threshold is 25 kilotonnes or 100 terajoules for reporting.

Senator LUDLAM—What happens to that data? Is that required to be reported annually or quarterly? Is there any verification as to what the proponent says is going on is actually what is going on?

Mr Carter—That is required to be reported annually. For each financial year, the reporting date is 31 October following the close of the financial year to which the reporting relates. The reports go through a number of steps with validation and verification. Initially, reports go through a straight validation against the statutory requirements which is, if you like more of an administrative check against the data. But then we do a series of analyses on that data looking at the scale of the enterprise, expected sorts of emissions for that kind of scale, and we take cross-sections of data from other data sources and look back at the information that is reported to see if there any differences or anomalies.

Senator LUDLAM—Do you spot check them, or do you do everybody?

Mr Carter—We do that across the data set broadly, but clearly with such a large data set, we need to look at that in both a risk based approach as well as by doing analyses in sectors and then across sectors. In any given year, we would not necessarily examine every facility, although we do have general trawls to pick up anomalies and differences between reporting.

Senator LUDLAM—You are saying 'we', so I can confirm that this is all handled by the department; this is not handled at a state and territory level?

Mr Carter—No, it is all handled by the department.

Senator LUDLAM—Are there separate reporting obligations to state climate or energy authorities?

Mr Carter—I understand that there are separate requirements in some jurisdictions for reporting for facilities, for example, under planning conditions and sometimes under environment protection licensing regimes.

Senator LUDLAM—In terms of publishing, we have struggled to find out on a facility by facility basis what emissions of various plants actually are? Is there a reason why that is not published, or is it published and we are just looking in the wrong place?

Mr Carter—The publishing information is set at the corporate threshold, not at the facility threshold, so the information that we place in a public publishing sense is provided for under the act, and it is at the corporation level, not at the facility level.

Senator LUDLAM—Why is that?

Mr Carter—That was part of the legislation.

Senator LUDLAM—So that was a policy decision, but if there is a big proponent that might be managing a multitude of different plants around the country, it makes it impossible to tell what any individual facility is emitting?

Mr Carter—Our data has the levels that we must publish set in the legislation. In terms of that data set providing broader public information on facilities, that is the case, but that data is certainly available within government agencies and within jurisdictions.

Senator LUDLAM—But not to the public. I still do not understand for what reason it is not published at a site by site resolution.

Mr Carter—That goes to the legislation that was passed, and the publishing requirements in the legislation.

Mr Comley—My recollection, going back to when that was done, is that it was seen to be a little bit different from other environmental regulation where your proximity to the particular facility was of a concern to the public. That was a significant consideration. The principal purpose here was to report the total amount of emissions that went into the atmosphere. There were certainly concerns at the time from stakeholders about facility by facility level considerations. That was the consideration that was taken into account when it was landed at the corporate level.

Senator LUDLAM—It does not sound like it was taken into account. It was disregarded or set aside.

Mr Comley—Sorry. What I am saying is that some stakeholders would like facility by facility reporting; other stakeholders were not in favour of that, and pointed out that there were not local implications of greenhouse gases in the same way that there were for other environmental factors. So the case for facility by facility reporting was not seen to be as strong at the time as it would be for other local polluters, if you like.

Senator LUDLAM—Was it being done for reasons of commercial sensitivity; were those the counter arguments that were put?

Mr Comley—That was the element of commercial sensitivity that was put forward as well.

Senator LUDLAM—That was seen as outweighing the public interest in knowing the emissions of any particular site?

Mr Comley—Yes, that is right. That was the consideration at the time that led to the legislation as it is now.

Senator LUDLAM—Is that material subject to a freedom of information request?

Mr Comley—All material is subject to freedom of information requests. The policy considerations we are talking about now would go back before the NGER Act, the National Greenhouse and Energy Reporting Act 2007, was passed, which would go back until 2006.

Mr Carter—The act was passed in 2007.

Mr Comley—It was passed in 2007, but those consultations would have taken place probably in 2006 or before.

Senator LUDLAM—I might come back to some of this stuff a bit later if there is time. I will leave it there.

CHAIR—In relation to the greenhouse gas emissions, the farming sector, long term, are going to be very important. It seems to me that there are lots of voices out there in the farming community who are opposed to a price on carbon. What is the latest debate that is taking place amongst progressive forces within the farming community in terms of moving to accept that it is in the farmers' best interest to deal with carbon pollution?

Mr Comley—I think Ms Thompson is bolting to the table. I will let Ms Thompson answer it. I think the clear sensitivity within the farming community is any form of pricing of carbon that leads to a financial liability on farming for emissions that occur from farming. That is motivated by two things: first is obviously a straight financial concern about the impact on competitiveness, particularly in the context of international competition; second is because of a concern that the way emissions in the agricultural sector are accounted for may not give appropriate credit for sequestration that would occur. That concern about liability is one of the reasons why the government has announced the Carbon Farming Initiative, because the Carbon Farming Initiative is an opt in scheme. It is only an opt in if you, in a sense, can get a benefit from the scheme. But it is intended to both develop measurement with methodologies and incentivise absorbing carbon or reducing carbon from the land sector.

I think there are elements of the farming community that see something like the Carbon Farming Initiative as a potential stream of income, something that could reduce the emissions of carbon, and so contribute to reduce emissions in Australia. They have been quite engaged with the department in trying to design the Carbon Farming Initiative.

There are still parts of the farming community that are concerned about either a future liability or they do not fully understand the nature of the current proposal and therefore are concerned it might lead to a liability, even though that is not the way the scheme is designed. That would be my general comment, but Ms Thompson can add to that.

Ms Thompson—A number of the agricultural stakeholders are particularly interested in carbon farming's ability to provide incentives for action to improve soil carbon sequestration on their land. I think they see that as one of the very strong attributes of carbon farming. From our perspective, we see it as an approach that will allow people to road test a number of approaches to reduce emissions, including soil carbon, but also moving into areas like livestock and methane emissions. There are actually a number of abatement approaches that people, including from CSIRO, have been looking at for a little while. One of the difficulties is that, although the government has provided significant support in terms of research and

development, carbon farming will go the next step by providing an incentive for farmers to actually apply these approaches in terms of managing their stock and managing their land. As I say, it will provide some really strong learnings for the future in terms of mitigation efforts for the agricultural sector.

CHAIR—There was some discussion at previous estimates that I have been involved in about the soil carbon sequestration. CSIRO has been doing work on that, but I am not asking you for a detailed scientific analysis, but what is the department's view about whether soil carbon sequestration is making progress?

Ms Thompson—That is a very good question. I think it is fair to say that estimates of abatement potential for soil carbon do vary widely. I think one of the huge benefits of carbon farming, though, is we will actually be able to test these approaches on the ground, and the proof will be in the pudding, if you like. People will be able to see what the benefits are from soil carbon, from pursuing some of these approaches.

Mr Comley—Just to add to that, I think in previous estimates hearings, we have commented on really two dimensions to this question: (1) what is scientifically feasible; and (2) what is economically viable? Some of the estimates for widespread carbon sequestration look at the first question of what is scientifically feasible. Typically if you take a very small soil carbon sequestration potential for a hectare of land, and multiply it by Australia's land area, you get very big numbers. The economic viability of that is a different question. I think that goes to what Ms Thompson is saying, that some of the information we have says that the economic viability is not likely to be large, at least at the carbon prices we have been envisaging, but it may be the case that, with an incentive put on the table, people will come out and bring forward projects that are much more prospective than we had envisaged.

An example we have given in this forum before is sequestration on grazing land, where estimates that CSIRO have done indicate that you could sequester about a third of a tonne of carbon per year by reducing grazing practices in extensive grazing lands. The problem is, to do that, you pretty well have to destock the whole land. The gross margin of that for a farmer is about \$85 per hectare. So to do three hectares for one tonne of sequestration, you would have to be paying the farmer \$250 or so to make it economically viable for them. Under those circumstances, it is highly unlikely that they would be incentivised to do it. What might come up from a Carbon Farming Initiative is we find cheaper ways than simply destocking cattle. There may be more cost effective ways of doing that.

The third thing we have talked about in this committee before is the soil carbon and other things that count for our international commitments under the Kyoto protocol; there are some things that do not count. We discussed earlier in the general section, and we might return again in output 1.4 in international, that it is very difficult for Australia to bring those into our accounting system unless the issues of inter-annual variability and force majeure are dealt with, and that is where the intersection between the domestic abatement potential and international comes in.

To sum up, from the department's point of view, we think soil carbon is a very, very interesting area that we should devote some time and resources to. We have to distinguish between the science base, which we have to develop, the economic case of how you

incentivise in a way that is cost effective, and also deal with the international dimensions of that, so it can ultimately be brought into an international accounting framework.

CHAIR—Some of this might be in program 1.3, but maybe you could just refresh my memory. If the projections are correct, and warming continues, what are the implications for farmers in relation to their capacity to provide food security in Australia?

Mr Comley—Mr Swirepik might want to comment on this, but as I said before, whilst the predictions for the global climate are the most robust of all, the more you get down to regional variation, the more you need to be cautious. It is certainly the case that the more you have extreme events, et cetera, it puts more pressure on food production issues.

Mr Swirepik—An IPCC report in 2007 looked at the adaptive capacity of various sectors of the economy in the Australia and New Zealand chapter. They found that Australian agriculture is probably pretty resilient up to around a warming of three degrees, or thereabouts. It was based on the peer reviewed literature and also some expert judgment of the authors. Business as usual at the moment finds that the upper end of the range of temperatures by the end of this century will exceed three degrees. There is some risk that agriculture will really struggle to adapt to the projected temperatures late in this century if we do not do something around curbing emissions. That is what the science says.

CHAIR—The other issues I have seen in some of the department's literature are the problems with health if we do not deal with it. I was reading about some of the health problems arising from the recent cyclones. Is there any update on what the concerns are in relation to health implications?

Mr Swirepik—Health is not really my particular issue, but the concerns around health come from a number of factors. There are things like increased incidence of extreme temperatures, so hot days make sectors of the community quite vulnerable. Then there are issues around projections based on those extreme temperatures that might lead to greater incidence of fire weather; for example, bush fires ultimately can threaten human lives. Around other extreme events, there is also the issue that while the projections around the number of, say, cyclones or flooding events suggest that they might not become more frequent, they might well become more intense. Again, those things do present threats to communities, and we need to adapt in order to increase our resilience to those threats. Other increased issues include things like dengue fever, Ross River virus and the like. A warmer world when you have a flooding event can actually lead to increased incidences of those mosquito borne diseases and the like.

CHAIR—How about we adjourn and come back at two o'clock with 1.2? Are we finished with 1.1?

Senator BIRMINGHAM—I am not sure I asked a question in 1.1, but no, I am not finished with 1.1.

CHAIR—Okay, so we will come back with 1.1.

Proceedings suspended from 12.58 pm to 2.02 pm

CHAIR—We will resume.

Senator BIRMINGHAM—Continuing with 1.1, I will start by looking at some of the revised projections and so on. As a bit of a memory refresher as much as anything, under the previously proposed CPRS, to achieve the then estimated cuts in emissions required to meet the five per cent target, what was the average carbon price expected to have to be to meet those cuts?

Mr Comley—For the five per cent target range, it was around \$25 in the first flexible price year. The first year, if you recall, was 2011-12, with a fixed price of \$10. Then, from memory, it was a little more than \$25—about \$26 was the first flexible price year, in 2012-13. Then it rose at around five per cent real per year until 2020. Perhaps the thing that is worth mentioning, too, is that the targets have always been expressed in terms of Australia's emissions, which is not necessarily the same as domestic emissions. That target was also met with the importing of permits into the Australian economy. But, broadly, from 2012-13, it was around \$26 a tonne, rising at around five per cent real until 2020.

Senator BIRMINGHAM—Thank you. That was to meet a reduction overall of 144 million tonnes, as was estimated at that time. We have new projections that were released recently, as I understand it, that show a higher 2020 baseline of 690 million tonnes. Is that correct?

Ms Wilkinson—That is correct.

Senator BIRMINGHAM—So, to meet the five per cent reduction based on 2000 levels, under those projections it would now be necessary to reduce by some 165 million tonnes?

Mr Comley—One hundred and sixty. The issue here is that the 2000 emission level has been revised as well. So, if you still have 2000 as the base level, the gap from that new base level to the new level is 160 rather than 165. That is made clear in the projections. That is the reason. There has been a slight revision to the 2000 base level that amounts to the five-megatonnes difference.

Senator BIRMINGHAM—Thank you for clearing that up. Has the department modelled what average price would now be necessary under a pricing of carbon to achieve that reduction of 160 million tonnes?

Mr Comley—No, we have not done a revised full economy-wide modelling run.

Senator BIRMINGHAM—Have you modelled scenarios that might include that?

Mr Comley—No. The modelling that was done in 2008 was comprehensive modelling conducted by Treasury. We have not conducted full economy-wide modelling of the carbon price. What I should say is that it is probably important to go back to that 2008 modelling. It does involve a range of policy assumptions, but on the assumption of full international linking—that is, that you import permits—if the international permit price has not changed from what was modelled at that time, what you will typically find is that you get the same level of domestic abatement if you had the same domestic modelling assumptions, but you will have more imports of permits to meet that target.

Senator BIRMINGHAM—So there is the same level of domestic abatement but more permits?

Mr Comley—Yes. This is in a sense the intuition behind the modelling. Essentially, what happened in the modelling was that, because the limits on international permit imports were not binding—so effectively you have free access to international permits—the carbon price in Australia is set by the level of international permit prices. That is what determines them. The level of the domestic carbon price then drives the level of abatement in the economy domestically and then the gap is made up by imported permits. So, unless you had a different assumption about international permit markets, typically for any given target you get the same carbon price in the economy; you just get a different level of permit purchases to make up the new target.

Senator BIRMINGHAM—What, if any, options or models have been provided to the Multi-Party Climate Change Committee in regard to meeting targets under either the new projections or the old projections?

Mr Comley—There is a bit of an issue about the extent we can discuss what has gone to the Multi-Party Climate Change Committee. Much of the material that goes to the Multi-Party Climate Change Committee also goes through cabinet, so there is an issue of cabinet confidentiality. But, as I said before, there has been no updated modelling. So, by the fact that there is no updated modelling, there has not been updated modelling provided to the Multi-Party Climate Change Committee.

Senator BIRMINGHAM—So old modelling that is available has been provided, I take it?

Mr Comley—Old modelling, to give a sense of what the impacts are going to be, has been discussed in the Multi-Party Climate Change Committee.

Senator BIRMINGHAM—From your comments about what may need to be purchased or otherwise, your thesis or theory is that carbon price would not differ markedly as a result of the changed projections that have been announced?

Mr Comley—On the assumption of full international linking then essentially, if you are updating the modelling, the most important thing is to remodel what is happening in the international carbon market. That is the thing that principally drives the domestic carbon price. There are some circumstances where that would not be the case, but under plausible scenarios Australia is an importer of permits and that is likely to be what drives the domestic carbon price, unless you made a policy decision that explicitly limited the amount of international permits, at which point the domestic cost of abatement becomes much, much more important in terms of driving the domestic carbon price.

Senator BIRMINGHAM—Is the functionality of the international market at present seen to be strong enough to actually facilitate that level of transaction and adaptability to meet the gap, as such, for Australia?

Mr Comley—For Australia's needs, yes. It would seem to be deep and liquid enough to accommodate Australia's needs. That is the current market, either through the CDM market or through, say, the EU ETS. The question that comes back to the international negotiations is what happens post-2012 in terms of the Kyoto protocol and the various mechanisms. That is still a matter for negotiation. So the way in which carbon markets evolve over the period post-2012 would be a relevant consideration as to how deep and liquid those markets would be.

Senator BIRMINGHAM—And that is regardless of what the Australian targets may be—if the five per cent target were adjusted to 10 or 15 per cent, would the market still have the same capacity?

Mr Comley—Yes, you would think with the current scale of market—we are a small enough economy that in practice you would be likely to have access to sufficient permits for those sorts of targets. The one thing you have to be careful about, though, is that obviously those higher level targets are associated with higher levels of global ambition. With higher levels of global ambition you tend to expect to have higher international permit prices and you also anticipate that there would be other countries more likely to be actively in the market to purchase similar sorts of permits. So there are two questions. One is what is the size and liquidity of the market, and the second is what is the expected price at which you could purchase from that market. So when you go back to the Australia's Low Pollution Future modelling, that is essentially what drove higher permit prices in the higher target regimes—it was really a reflection that that was on the assumption of greater global action associated with those targets, which then feeds back into the higher price in the domestic economy.

Senator BIRMINGHAM—The multi-party committee has agreed, I gather, on a list of 11 principles which have been released. One of those relates to budget neutrality. Could you explain just what the committee intends by the principle of budget neutrality, please.

Mr Comley—What it intends is that if you look at the introduction of a carbon price and associated assistance measures with the introduction of that carbon price, that should be neutral to the budget. So the net impact on the bottom line should be zero. It is a strict interpretation of budget neutrality.

Senator BIRMINGHAM—So the associated compensations, assistance measures and the cost of operation should all be absorbed within the income stream of the price?

Mr Comley—Yes. If you use the parallel with what the government put forward with the Carbon Pollution Reduction Scheme, there was a revenue stream generated from auctioning the permits and there was money set aside for household compensation, emissions-intensive trade exposed, some assistance to the electricity sector, the Climate Change Action Fund et cetera. What that principle is getting at is that the carbon price and the associated system should be budget neutral.

Senator BIRMINGHAM—Would the funding of other climate change initiatives be consistent with that principle of budget neutrality?

Mr Comley—The principles explicitly state that this does not mean existing climate change programs are necessarily rolled up into that budget neutrality, and does not restrict the government's capacity to bring forward other climate change issues that are not directly related to that package as a whole. So the general principle is that assistance measures are, if you like, directly related to the carbon price package, whatever that is. It does not mean that all current climate change expenditure, for example, that currently exists is rolled into that budget neutrality principle.

Senator BIRMINGHAM—So calls such as those by Senator Milne asking for a percentage of any carbon tax or carbon price to be earmarked to certain climate change projects would be consistent with that principle of budget neutrality?

Mr Comley—Ultimately that would be a matter for the committee and the government to form a judgement as to whether that came within the budget neutrality envelope, but something like earmarking of revenue would prima facie look like it would come from the budget neutrality envelope.

Senator BIRMINGHAM—So budget neutrality relates to Minister Wong's bottom line—neither increasing the deficit or surplus nor decreasing the deficit or surplus but simply finding a way to either offset or spend all the money that comes in.

Mr Comley—That is right.

Senator Wong—No, I think not necessarily offset or spend all the money that comes in; it is ensuring that you do not exceed. That is probably the best way of looking at it. That is, do not spend more than you achieve through income streams.

Senator BIRMINGHAM—Yes, but in terms of the size of the Commonwealth budget there would be a marked increase in Commonwealth revenues and expenditures under any such arrangement unless you were to offset some other form of taxation.

Mr Comley—The principle of budget neutrality contained within this could lead to, if you like, a grossing up of both sides of the Commonwealth's cash income and expenditure. The government would also have to take into account its broader fiscal commitments, which is a matter that you probably should take up with Treasury.

Senator BIRMINGHAM—Or Finance.

Mr Comley—Or Finance.

Senator Wong—I note that one of the fiscal rules to which we have committed is tax as a proportion of GDP—not to exceed that—which was in place in your last year: 23.6 per cent, from memory. Plus there is the two per cent rule and so forth. So the principle of budget neutrality within the climate change context is obviously a broader fiscal context to those commitments.

Senator BIRMINGHAM—So those commitments have no caveats on them with regard to this policy? This policy sits underneath those principles of proportion of government spending—

Senator Wong—The government's fiscal rules apply across all portfolios.

Senator BIRMINGHAM—Thank you, Minister. Just to go back to issues of modelling and how they work, petrol and agriculture were both excluded under the CPRS as it was proposed—or agriculture excluded for a period of time. Is there a difference in terms of the carbon price or the impact or flow-through on electricity prices of including either of those, and has that been modelled?

Mr Comley—First, in terms of your question, fuel was not excluded from the previous package; fuel was included but there was an offsetting change to the excise regime for heavy vehicles for one year and for, effectively, small vehicles for three years, with a review mechanism after that. Agricultural emissions were excluded indefinitely under the previous proposal.

I will answer the last part of your question before coming in general terms to what the impact on electricity prices is. We have not done updated modelling, so there is no revised view of electricity prices for any potential carbon price regime. Secondly, the government—or the Multi-Party Climate Change Committee, for that matter—has not got to a position of the level of detailed design of a carbon price that would lead you to be able to model precisely what the impact on electricity prices is. Going back to my earlier comment, the principal thing, but not the only thing, that is going to drive electricity price changes is the level of the carbon price. Again, under the CPRS model there was open international linking, so it is largely that international permit price that drives the electricity prices. That is not quite the whole story, because the way in which you structure the micro-level assistance can have an impact on electricity demand and so electricity demand can then feed back to electricity prices. But until you specified precisely how things like emissions-intensive trade exposed areas et cetera were treated you would not be able to determine what the flow-back in terms of electricity demand would be.

Agriculture is not a particularly intensive user of electricity compared with other sectors. So, whilst technically inclusion or non-inclusion of agriculture would have an impact on electricity demand, it is not likely to be a significant factor compared with the overall carbon price in terms of determining electricity prices.

I am trying to be helpful here in explaining how the modelling works, with the caveat that, to do all of this properly, you need to fully model everything. Some of the interactions that you show up in there can be counterintuitive. But I am just trying to explain to the best of my ability how the modelling is likely to deal with these issues.

Senator BIRMINGHAM—Thank you, Mr Comley—I appreciate that. Having under the modelling for CPRS—with an earlier start date, obviously, than is now possible—anticipated a \$25 price for the first year and a five per cent increase from there on, and to now meet a higher abatement target in a shorter period of time, is it logical that a higher price need apply or, again, would you expect international offsets to level out such a price increase?

Mr Comley—Again, if you have international linking then the price is essentially driven by the international carbon markets, and that is largely driven by the level of international ambition; it is not driven by exactly when you start the scheme. So, in a world of full international linking, there is no direct link between when you start the scheme and the level of the abatement task and the carbon price in Australia.

Senator BIRMINGHAM—So you would not necessarily expect the price to be higher than it was previously?

Mr Comley—Not in a world of open international linking—you would not expect that.

Senator BIRMINGHAM—While saying that is functional enough, it is not exactly a pure market at present, is it?

Mr Comley—No, it is not a pure market, but unless you genuinely thought you were in a world where the price of international permits was above the domestic abatement cost to get to that sort of target, you would still expect that taking out the last elements of abatement would set the price. It may not be that the level of the functionality of the market will determine what the international price is, but there would still be a strong expectation that that

international price is below the cost of the most expensive abatement to do everything domestically, so that is still likely to set the domestic price.

CHAIR—Senator Birmingham, can we stop on that point. Mr Comley, there is no pure market in any endeavour, is there?

Senator BIRMINGHAM—I have set the chair off on a hobby horse, I suspect!

Mr Comley—It might be safer to say no.

CHAIR—It is not a hobby horse—it is just some reality. It is a bit of a reality check.

Mr Comley—It depends on what you mean by ‘a pure market’.

CHAIR—Maybe Senator Birmingham can explain what it means.

Mr Comley—Senator Birmingham could. I took Senator Birmingham’s comment to mean: would there exist a very deep and liquid market closely aligned to the international cost of abatement in such a way that Australia could access it with very little transaction cost.

CHAIR—That is a good definition of ‘pure’!

Mr Comley—Perfect information all around on a range of things.

Senator BIRMINGHAM—With minimum interference or otherwise.

Mr Comley—Yes, minimum interference, but, of course—and this is a bit of a diversion—all markets need enforceable property rights in the first instance. So, when you get particularly to the carbon market but also to other things, you are assuming a lot about the institutional architecture, so in the case of permit markets you are assuming that you have institutions that can define and enforce the property rights or the rights that actually exist over abatement; that it is deep and liquid enough, in that you have multiple sellers, typically, so you do not have price collusion; and you have enough sellers so that you are not dominating the price. There are lots of other things you could go into in pure markets, but, essentially, for the purposes of what we are looking at now, unless things go in an adverse way in terms of, for example, international negotiations on carbon markets, Australia is likely to have access to sufficient depth and liquidity in markets for its purposes. Whether they are ideal for the purposes of the world as a whole and where you might ideally like a system in terms of channelling abatement around the world is a second question. Perhaps it is that differentiation that has led Professor Garnaut, in one of his recent papers, to talk about regional markets et cetera, because that may be all you need to be sufficient for the purposes of Australia.

Senator BIRMINGHAM—Before the chair takes us down too many theoretical pathways of market economics, can I make a sharp turn to the *Daily Telegraph*.

CHAIR—That is a sharp turn!

Senator BIRMINGHAM—The Australian Industry Group study that has been released and is variously reported today—and I am sure that you would have seen some of the reports, Mr Comley and colleagues—warns that ‘A carbon price would be expected to add up to \$300 a year to the annual average bill’. It is speaking of electricity bills. That is based on an estimate of a price of \$26, I think, if my memory of the article is correct. Given that that \$26 is very close to the mark of what you estimated or modelled the previous CPRS on, is that

impact on electricity pricing of \$300 a year within the ballpark of the modelling that has been done previously?

Mr Comley—I might ask Ms Harris to comment in a minute, but in the white paper the estimated increase for households was calculated, and at that time that sort of number was in the ballpark of the impact on electricity prices for households.

Senator BIRMINGHAM—Thank you.

Mr Power—Just following on from what Mr Comley said, the estimated impact in annual terms that came out of the Treasury modelling subsequent work done in 2008 was an annual impact of around \$210—that was an average impact for the household electricity bill.

Senator BIRMINGHAM—An average annual impact of \$210 in what year of operation for the CPRS?

Mr Comley—That was the first fully flexible price year—the \$26 price level.

Senator BIRMINGHAM—That was the first year?

Ms Wilkinson—No, that is taking the first and second years together.

Mr Comley—So that is the equivalent—and we were talking with Senator Boswell before about seven per cent in the first year and 12 per cent in the second year—of a cumulative effect of 19 per cent. And the discussion we had earlier was that you have to be a little bit cautious about using percentage increases because, from the time of the modelling for the white paper to now, electricity costs have increased, so you would actually anticipate that the impact of a carbon price would be an absolute increase rather than a percentage increase. So, if it is applied to a higher base, the percentage increase would be smaller.

Senator BIRMINGHAM—That is based, as you say, on the first two years—it is \$210 for your estimate. Obviously the Ai Group is suggesting \$300 a year by 2015. I think their modelling works on the basis of that. Over the life to 2020, what type of impact would be expected?

Mr Comley—It depends a little bit on the pass-through on the electricity market. But, again, this was published in the white paper. I do not have the white paper in front of me, but it would have increased each year.

Ms Harris—The carbon price was increasing by about four or five per cent real per year. On average, in very rough terms, in the electricity models—there are a number of electricity models that were used in the process and they had different rates of pass-through in that process—it was by about one or usually a bit less than one, depending on which model you were using. So, as the carbon price was increasing, that was about how much the electricity price was increasing by, because of the carbon price itself as opposed to other factors.

Mr Comley—So, intuitively, if you were increasing the carbon price by, say, seven per cent a year in nominal terms—about four to five per cent in real terms—and you had an initial increase of a little less than, say, 19 per cent, then the annual increase in electricity prices would be of the order of one or two per cent.

Senator BIRMINGHAM—One or two per cent beyond that initial increase?

Mr Comley—Yes.

Senator BIRMINGHAM—And with the other factors that have caused increases in electricity prices since that initial modelling was done, has the department sought to update any of its modelling or expectations as to what the impact would be?

Mr Comley—No.

Senator FISHER—Mr Comley are you in a position to comment as to whether you agree with the AiG report's estimate that, based on a price of \$26, the average annual increase of an electricity bill will be \$300 within the first two years? Your estimate earlier was \$210. Are you in a position to comment as to whether you agree or disagree with AiG's projection of \$300?

Mr Comley—No. We only got the report this morning so we have not had time to analyse it in detail.

Senator FISHER—But you will be doing so?

Mr Comley—We look at all reports put out that are of relevance to us.

Senator FISHER—All right. Can you provide this committee on notice with your view as to AiG's estimate of \$300 within the first two years, based on the \$26 price of carbon. Secondly, does the department have a view as to what would be the average annual increase in the average electricity bill based on a \$26 price of carbon in the years after that until 2020?

Mr Comley—We have not updated our view, at least in absolute terms, since the modelling done in 2008 that was reported in the white paper. Till we do a full modelling estimate we cannot go beyond that. This is what Ms Harris was alluding to. It is not simply a matter of a one-to-one correlation between what the carbon price is and the electricity impact; you have to look at the dynamics of the electricity market. And even in 2008 there were quite different estimates from three different electricity modellers commissioned by the department as to the extent of price increases. The \$26 figure accords more closely with a pass-through of around one. That means that for one megawatt hour of electricity we expect on average one tonne of carbon to be passed through. Two other modellers who also model the electricity market had lower pass-through than that. So until you look back at the electricity market, including what has happened to a range of factors such as what has happened to relative gas and coal prices over the last three years, you could not be more definitive without doing a full modelling exercise. So we would base our answer on the white paper and the ALPF confirmation.

Senator FISHER—The AiG report—like you, I only got hold of it this morning—would appear to have done that for electricity, gas and energy efficiency. Let's take gas and electricity prices over the last five years. It would appear to have done that work, so—

Mr Comley—All I am saying is that it may appear to have done that; we have not gone through and analysed it in detail. We are happy to take it on notice but I do not want to do on-the-fly analysis of a report that we have not gone through in detail.

Senator Wong—My recollection of the reporting of the report is that it noted the substantial increase in prices flowing from the need to significantly invest in the network over the next five years, and that was the significant driver of electricity increases. But it is not our

report. I think Mr Comley has valiantly sought to assist you but I am not sure how much further we can respond on a report that is not a report of the government.

Senator FISHER—No, but in the absence of the government forecasting the impact to consumers, consumers are very eager to know. So at this stage the AiG report is—

Senator Wong—Senator, you are not very eager to know, because your party's position since you got rid of Mr Turnbull is that no matter what we put forward you will oppose. So you do not have any interest in knowing, and the fact is that we as a government have been very transparent. The modelling in relation to the previous scheme, which for a while was supported by your party, was released and the full impact on electricity and other sectors of the economy was also detailed in that modelling, as was the household assistance package that was in place. If I may suggest, I am not sure that your questions are motivated by people being eager to know; you just want to make a political point in your opposition to a price on carbon. That is legitimate, if you want to do that, but it is not particularly interesting.

Senator FISHER—Minister, you have raised the politics. Heather Ridout is quoted today in the *Australian* as saying that the nation could get stuck with the equivalent of a Rolls when a hatchback would do. When you were minister for this area some two years ago, in March 2009, you were accusing various parties of wanting a Ferrari when something less than a Ferrari would do. You were quoted as saying:

Some people want it to be a Ferrari, but if you can't have the Ferrari would you really have no vehicle at all?"

Well, some two years later, your government still has no vehicle at all.

CHAIR—Senator Fisher, is there a question in that, or is that just an assertion of a political position?

Senator Wong—It is a somewhat mixed metaphor around cars.

Senator FISHER—You introduced it two years ago, Minister.

Senator Wong—Is there a question, Senator Fisher, that we can attempt—

Senator FISHER—I think you have answered it to the best of your ability, but consumers wait to hear what will be the impact of any ETS on electricity prices.

CHAIR—Are there any other questions on 1.1?

Senator BOSWELL—Is this where I ask a question about SRECs and LRET, or do I have to wait?

Mr Comley—That is 1.1.

Senator Wong—So we are switching from carbon price to the RET; is that right?

Senator BOSWELL—No, I will—

Senator Wong—Just to be clear. That is fine but if—

CHAIR—We are still in program 1.1.

Senator Wong—Yes. They are different issues, that is all, so I am just clarifying where the committee wants to go next.

Senator BIRMINGHAM—Very briefly, there are a couple of quick areas remaining here. Mr Comley, in relation to global pricing of carbon and the weight put on the global price as to how that will impact on pricing in Australia, is there somewhere that you would point to as the most authoritative source of expectations of where a global price will go?

Mr Comley—Let me answer that in two ways. One is that because of the way the carbon market is evolving there is actually quite a lot of, if you like, trade publication commentary on the future of carbon prices. Sort of like the old policy at the ABC, you do not like to name providers. But Point Carbon is a very well-known commentator on carbon pricing issues and it provides a lot of commentary on expected carbon prices. Over the short term, though—when I say short term I mean probably out three or four years—there are futures markets available for these carbon prices. And it is not difficult—they are commonly quoted—to get future prices both for CERs, from the CDM market, and for EU futures out to at least 2014. So there is reasonably transparent information on both spot prices and forward markets out for at least three years on international carbon prices. Beyond that it is a lot harder, and it is a lot harder essentially because of the uncertainty of the evolution of the international negotiations and what that is likely to do for both the level of ambition and the market rules and infrastructure that underpin any carbon market trading.

The other form of information on carbon pricing, which is not related to the CDM or EUAs, is the market for AAU—the assigned amount units that national governments have. There has been trade in those but that is a purely over-the-counter market, so it is not as price transparent as to what the trade in those has been.

Senator BIRMINGHAM—And those market sources—commentators and otherwise—their current estimates reflect the types of figures that the government has looked at and previously modelled, and would be within the \$26 rises from there in Australian dollar terms?

Mr Comley—You would not comment on a particular price, but, if you look at the current price for CDMs, it is around—

Ms Wilkinson—A bit over A\$15.

Mr Comley—Yes. The other thing you have to be aware of is that we often quote the \$26 price, but, of course, the exchange rate has moved quite a lot from then. So the variation in the underlying price in a foreign currency has moved less. So it is around \$15 for the CDM market in December 2011. The EU market is sitting a little above \$20 for 2011 permits. December 2014 futures in the EUA are up around \$23. So you would say that was not wildly out of whack with previous estimates of what the price would be, recognising that that was three years ago and the exchange rate has moved quite a lot.

Senator BIRMINGHAM—The higher the exchange rate goes, or at least sits—

Mr Comley—The lower the Australian dollar price.

Senator BIRMINGHAM—the lower you would expect the price to be in Australia and the greater the proportion of permits that would be purchased.

Mr Comley—Other things being equal. The thing you have to be careful about is this: when you think about a carbon price feeding through an economy, people making significant investments which have implications for emissions are going to look through the particular

price on a day because they are making investments over a much longer period of time. So you would not expect there to be, on a day-to-day basis, a one-to-one correlation between what their business decisions are on a daily basis and the price, because they are going to take a broader view, including on where they think the exchange rate is going to be over a longer period of time. But, if they thought the exchange rate was permanently higher and if they thought that meant permanently lower Australian dollar prices, the balance of domestic versus abatement would be, as you said, more skewed towards international abatement rather than domestic abatement.

Senator BIRMINGHAM—Do markets at present work on the premise of there being sufficient global action to meet what were previously stated targets of stabilising or peaking around 2020 or is the current market expectation looking far more at—

Mr Comley—I think there are different perspectives within the markets. There is a combination of current commitments, but there is also a question of what future commitments would be. So it is a little hard to say. It is like all markets—there is not one expectation within the markets.

Senator BIRMINGHAM—2020 is not that far away now, in many ways. Globally, some countries, I am sure, are putting their time lines and goals in slightly different sets and their commitments under the Copenhagen accord under different time lines as well. That is a fairly widespread activity now? We used to talk about 2020 and 2050. I imagine there is now more of 2025, 2030 and 2050 in terms of commitments that are being made.

Mr Comley—I think it is fair to say that there is still a large focus on 2020. It has not slipped out as much to 2025 in most of the discussions. That will come, but there is still a large focus on 2020 in most market discussions at least. The discussion is almost more intense on institutional rules. For example, whatever the EU decides to do in terms of how many permits it allows into the system to comply with European law on the emissions trading scheme probably in the short term has a bigger impact on permits than necessarily the global ambition. We had a slight digression into what a ‘pure market’ is, but that is really going back to the thing that the issue in carbon markets is essentially that what the institutional rules are is as important, if not more important, at least in the short term, than some of those larger ambition questions.

Senator BIRMINGHAM—The Australian government’s short-term objectives still fit to a 2020 time line—is that correct?

Mr Comley—Can you clarify the question?

Senator BIRMINGHAM—The five per cent target for the—

Senator Wong—Those targets were 2020.

Senator BIRMINGHAM—And the ambitions of the Australian government as per the Copenhagen accord or any other government policy in the short term remain at a 2020 time line?

Mr Comley—The government has specified the 2020 targets. It also specified, in fact before the 2007 election, a 2050 target of 60 per cent. But the target range is unchanged since May 2009.

Senator BIRMINGHAM—Has the multiparty committee considered short-term targets that are either earlier or slightly later than 2020?

Mr Comley—Again, we get into the question of what the Multi-Party Climate Change Committee has considered. What the Multi-Party Climate Change Committee has considered has been reflected in the communiqués that have been released. The communiqués have not covered the question of ambition and target at the 2020 level.

Senator BIRMINGHAM—Would Australia consider—or has the government considered, I guess, is the real question—that, if its ambitions for a carbon price were achieved, it would implement any penalties on imports to Australia that did not have a carbon price in place?

Mr Comley—Has the government has considered it? The answer is yes. If you go back to the green paper in July 2008, there was quite an extensive discussion of the appropriate way to deal with the trade exposure issue. In the green paper—and that was subsequently confirmed in the white paper—it canvassed the possibility of using border tax adjustments. It considered that that was not the best way to achieve appropriate objectives. In practice, what the approach taken by the government in the emissions-intensive trade-exposed area did was to allow some permanent allocation for both import-competing and export-competing industries. So, effectively, it was removing the liability, to a large extent, from import-competing rather than adjusting prices on the import side.

The principal reasons that the government came to that conclusion—and it is all laid out chapter and verse in the green paper and white paper—were really twofold. First, we have significant both information and audit and compliance powers within Australia, so determining what the emissions intensity of a firm within Australia is is a relatively straightforward thing that can be enforced. We have data from NGERs and we have also had a data collection process that is now used for the emissions-intensive trade-exposed regime in the RET. So you can collect that information, order it and do all of the things that a national government can do.

If you were to impose an import adjustment, determining what the emissions intensity of the product coming across the trade barrier is is actually very difficult. Even if you take a very simple thing such as aluminium—a quite homogenous product—it is very hard to know whether it came out of a smelter from Iceland, with hydropower, or it came from a gas-fired one from Qatar or it came from somewhere with brown coal—each of which would change the carbon content. Therefore, administratively, it is very difficult to impose a border tax adjustment. If you chose to do something that was more approximate than that, you would run the risk of being protectionist in your intent. If, for example, you applied the same emissions intensity as the rate of emissions intensity in Australia and it was coming from Iceland then there would be a strong claim made that you were actually being protectionist because you were overputting the carbon price. The concern that we had is that, if you look at those—

Senator BIRMINGHAM—And as a result you would be in breach of WTO rules or run the risk of being in breach of WTO rules?

Mr Comley—There are WTO implications and then there are broader issues, not just in the trade area. You would have to look at the WTO implications, but you would also have to give due consideration to what that would do in the global negotiating dynamic for climate change,

where it might be seen that you were not playing a cooperative game. That would be one of the risks you would have to deal with.

We had another concern which is related to that administration. We may have confidence that Australia would go and impose an appropriate proxy for the carbon intensity of imports. There were significant concerns that, obviously, there is no protectionism in Australia but in other countries you may be in a situation where the environmental restrictions are used for more raw protectionism, and I think generally with Australia's position as supporting multilateral rules based engagement we would be nervous about creating another game that could be used for protectionist purposes. So that was the consideration. All of this was outlined in July 2008 and December 2008 in the green and white papers, and that is why the government decided to end up with an emissions-intensive trade-exposed policy for the CPRS rather than a border tax adjustment.

Senator BIRMINGHAM—Is the government aware of other countries seriously considering border adjustment policies?

Mr Comley—Certainly in the US one of the bills that went through congress—I think it was the Waxman-Markey bill—

Senator BIRMINGHAM—That was introduced into congress?

Mr Comley—Well, it was passed in the House of Representatives, not in the Senate. It did not impose border tax adjustments, but it had that as a potential mechanism that would be used quite some years down the track. I do not think it was imposed before—

Ms Wilkinson—In 2020 the President could make a decision to impose it.

Mr Comley—Could make a presidential decision, so it was not automatic; the President had the discretion to impose border tax adjustments in 2020, and that was contingent on whether people had made domestic commitments for emissions reduction et cetera. That is probably quite a good example of where you need to be nervous about potential protectionism. Certainly when I had this conversation with various people in Washington the model they had in mind for if they ever get to that point was imposing the emissions intensity of US production on imports, not looking at the embedded carbon that would come across the border. So that would immediately impose a cost above that for those who are less emissions intensive. There has been discussion in the European Union about border tax adjustments but it has never moved formally into the emissions trading scheme; it has always been a potential discussion carried out with various degrees of vigour in different countries of Europe.

Senator BIRMINGHAM—I note that the minister raised the prospect of tariff reprisals when he joined quite a line-up of ministers addressing the AWU conference last week. He seemed to make the threat sound a little more imminent than perhaps you have in those examples, Mr Comley. Is there anywhere else that actually looks like—

Senator Wong—I can tell you that President Sarkozy has made a range of comments on the public record about the possibility, including at the UN meeting in, I think, 2009—the Secretary-General's meeting in New York. It was part of his speech to the General Assembly.

Senator BOSWELL—Would we retaliate by putting a tariff on their Peugeots or whatever that come in here?

Senator Wong—I think history has shown what happens if we get into that kind of tit for tat policy.

Senator BOSWELL—That is what would happen, isn't it? They would put something on our cheese and we would hit their Peugeot and their Renaults.

Senator Wong—I do not know; I have never bought a Peugeot.

Mr Comley—I think that is probably an illustration of why the government, in the white paper, concluded that it did not want to go down this path—because of the potential for retaliatory trade protection which, given our trading status, was unlikely to be in our interest. It is certainly an issue that is talked about. All I am really saying is that there are not legislative proposals other than that one in the US, which has now lapsed. But it is something that is talked about. It is also talked about in Washington as eventually maybe being part of any deal to deal partly with domestic political considerations. So I certainly would not say it is off the agenda. Australia's position in terms of its nervousness about protectionism has been that the government has come to a position that it is not really a path it would prefer to go down.

CHAIR—Before we move off 1.1, can I come back to this issue of the AiG report? I know you have not read it, but I want to talk about some generalities. You have on your website a little piece that talks about debunking the myths. Will this *Telegraph* story end up on 'Debunking the myths'? Because it seems to me that what we have in the *Telegraph* is a headline that basically says 'Your power price will double' and the implication is that it is all about the carbon price. That has been sort of pushed along a bit by some of the questioning here today. So when do you make a decision about debunking these myths in terms of what is being run in the press and, to some extent, here?

Mr Comley—Without commenting directly on the *Telegraph* story, I think that—and there is a question as to whether our website picks this up sufficiently—there is a lot of information in the public domain through, for example, the green paper, the white paper et cetera, that looks at actual impacts. There is a question, I suppose, about whether that is digestible enough. It is also the case that the Department of Resources, Energy and Tourism has been doing quite a lot of work recently on decomposing the electricity price increases as a piece of just general public information. I think there is probably a role for both that department and our department to have that in the public domain.

Having said that, in this estimates hearing we have had a fairly expansive discussion of a policy that is no longer government policy, which is somewhat usual—talking about the modelling of the CPRS assuming certain assistance regimes. I have been quite happy to do that on the basis that senators have been interested. I think that the department needs to be naturally cautious about putting out information about the implications of a previous policy that is no longer policy, particularly in the context of continuing discussions in the Multi-Party Climate Change Committee as the government goes through its process. We had an earlier discussion about the Climate Commission and how they intended to conduct themselves. I think also the department, in putting information on the web, needs to be cautious about directly engaging in a debate where that level of policy uncertainty still exists. I am trying not to dodge the question but I think it is a real consideration.

CHAIR—I am okay; I understand where you are coming from. But the other side of that coin is the question of what happens if we do not do anything. I am not sure that on the department's website you can go easily enough to find what the implications are if we take the advice of some of the senators here and do nothing. I am just wondering whether that can be beefed up as part of the department's role in educating the public—not just the commission but also the department.

Senator BOSWELL—Are you worried you are losing the PR war?

CHAIR—No, it is not about PR. This is not about PR; this is about getting the facts out.

Mr Comley—I think it is a very important question. It is one that we have reflected on internally. It does come back to some of our discussion on the Climate Commission about where one can put factual information into the public domain that is not in any way, shape or form partisan. We will be continually looking at what we can appropriately do where it is genuinely factual and helpful for the debate and not partisan in any way.

CHAIR—Okay. And you will be doing an analysis of the AiG paper?

Mr Comley—Yes. I have taken on notice from Senator Fisher that we will respond to that.

CHAIR—Are there any other questions on 1.1?

Senator BOSWELL—Last year you indicated that payments for what are now known as SRECs had reached \$1 billion. Given the extraordinary take-up in both solar photovoltaic programs and solar hot water programs, which generated some 25 million RECs, can you give me an updated total outlaid by the government on the programs from 2007, and could you break that down for me into the two types—that is, hot water and photovoltaics?

Ms Wilkinson—So you are asking for the uptake of installations of solar photovoltaics and hot water systems since 2007?

Senator BOSWELL—Yes.

Ms Wilkinson—We can take that on notice. I do not have those data with me.

CHAIR—Can I just ask, for my own understanding, whether that is in 1.2 or 1.1?

Ms Wilkinson—This is in 1.1, part of the Renewable Energy Target scheme.

Senator BOSWELL—What is your estimate for calendar year 2011 for the number of SRECs from these two programs? You have moved to try to reduce the number, it seems, by reducing the multiplier from five to four from the middle of this year for the photovoltaic. The long term for solar hot water programs last year obviously significantly dropped demand for that product. But the photovoltaics are going very strongly. What is your expectation for the numbers of RECs for the photovoltaics that will be generated this year?

Ms Wilkinson—The Office of the Renewable Energy Regulator has set the small-technology percentage this year at 14.8 per cent. That is based on an estimate that there would be 28 million small-scale RECs created from both photovoltaic installations and solar hot water systems.

Senator BOSWELL—So that is 28 million for—

Ms Wilkinson—For 2011.

Senator BOSWELL—You have put a lot of changes into these programs over three years. Obviously you have tried to lift the price of LRECs—you have had two or three cracks at it—but the impact has been negligible. Following the latest big changes, when you divided SRECs into small RECs and large recession—and the separation of LRECs and SRECs—the LREC price is, I understand, \$35 today—it might not be today, but it was when I did this—which is not going to encourage any wind projects. It is not going to be enough. My understanding is that you have to get up to around \$56 or \$57 per REC. Do you think the price will go up above \$35? What are you going to do to encourage that?

Ms Wilkinson—We have discussed this at estimates on previous occasions. The spot price is sitting currently at around \$35. It has come up from under \$30.

Senator BOSWELL—Yes, it was \$29 or something.

Ms Wilkinson—That is right, and that was partly in response to the government's decision to separate the Renewable Energy Target scheme into the small-scale and the large-scale schemes. That was recognising the fact that there are quite different drivers for large-scale installations of renewable energy generation compared with small-scale. The government also adjusted the large-scale targets at the end of last year, reflecting a commitment that, if the stock of banked units was above 34½ million units, they would adjust the targets for the next two years in order to help soak up some of the liquidity in that market.

Senator BOSWELL—How were they going to do that? They were going to take the difference, between them, were they?

Ms Wilkinson—That is right. They looked at the stock of RECs at the end of 2010. If that stock of RECs was above 34½ million then that number was split and the target for 2012 and 2013 was increased by that quantum. Then the targets in subsequent years were reduced.

Senator BOSWELL—Was the quantum about 3½ million?

Ms Wilkinson—It is a little over four million.

Senator BOSWELL—So there are going to be another four million RECs put into the game?

Ms Wilkinson—No, the target is actually going to be increased, so an additional four million RECs are going to have to be surrendered in 2012 and 2013 to meet the target. So basically what the government has done by splitting the scheme and also by adjusting the targets is, in the short term, try to affect the liquidity in the large-scale REC market, which you would expect would support the price of large-scale RECs.

Senator BOSWELL—So by taking that four million out—and this is Senator Cameron's unfair market—you are really twitching the market up. By taking the numbers out, you are increasing the price. How much will it cost to take those four million RECs out?

Mr Johnston—The target in fact is not changed overall, but it is increased by the four million in 2012-2013. It is kept constant in 2014 and 2015 but then it is reduced by around two million RECs each year from 2016, 2017, 2018 and 2019. So, effectively, some of the target has been brought forward in order to soak up the excess RECs that were in the system at the end of last year.

Senator BOSWELL—By pulling four million RECs out, by shortening up the supply, you must increase the price. That is pretty basic.

Ms Wilkinson—In the short term, but over the whole time to 2020 there is the same target for renewable electricity generation.

Senator BOSWELL—But you are pulling four million out. What happens to that four million?

Ms Wilkinson—That gets removed from the targets between 2016 and 2019.

Mr Comley—Senator, if you recall, the concern of the renewables industry was not that the RET would not become quite binding and drive projects over time; it was really a timing issue about how many excess RECs there were. So what the government decided to do was increase the target in the early years to try to create a tighter market with upward pressure on REC prices and in the second half of the decade, when there was not expected to be a problem in terms of the tightness of the market—in fact, there is a question about how you pull forward such a massive increase in renewable energy—the target is taken out. So this is directly addressing the question of not the cumulative amount of incentive for renewable energy over that period but the timing of it, so that project developers could have confidence that the excess or banked RECs level would drop to a level that would stimulate them to invest.

Senator BOSWELL—When do you think the price will go up around \$50? You have had about three goes at it. I warned you that it would not go up enough. When do you think it will go over \$50? This will be your fourth attempt.

Mr Comley—I do not think it is really appropriate for us to do price forecasting on a market that is traded like this. The issue is whether the renewable energy will be deployed. I think that, even when you talk to members of the industry, as that stock of RECs is reduced, there will be a period where there will not be sufficient renewable energy. Either projects will be viable at the current prices or the prices will have to rise to drive those projects forward. It is a question of timing. But no-one can be exact about the price.

Senator BOSWELL—But there are so many RECs banked. There are huge numbers of RECs banked. Do you think that four million will take them out of the system?

Ms Wilkinson—That is right. By the end of 2012 we are expecting that there would be around the same average level of liquidity that there always is in the market—around 120 per cent of the target in the subsequent year.

Senator BOSWELL—So you are not prepared to say that at that time they will go above \$50?

Ms Wilkinson—There have been a range of different pieces of modelling that have been conducted on the Renewable Energy Target scheme. The modelling that was conducted by two different external modelling experts for the projections certainly suggested that there was a sufficient amount of investment that would be required to meet the targets and that it should definitely be putting upward pressure on the REC prices.

Senator BOSWELL—You are saying we should not be forecasting a price. There are a lot of people sitting on huge decisions about whether to invest or not. They are depending on

people such as you to tell them if the price is going to go up or down or where it will go. But, at \$35, people are going broke.

Senator Wong—I am a little confused, Senator. Are you advocating for a higher REC price or a lower REC price because you are concerned about electricity prices? You seem to be advocating both. Obviously, the government has sought to—

Senator BOSWELL—No, I am saying that with good faith people went into this and they are now going bankrupt. ‘Don’t touch it with a barge pole’ was the advice I gave people and, unfortunately, my worst fears have proved to be accurate: people who have touched it are losing money because the REC prices are not going up. The prices are not sufficient to sustain their industry. I am neither for nor against it; I am saying that the price will not sustain the industry.

Mr Comley—Sorry, Senator—the reason I think we are struggling a little with this is that, now that the RET has been separated into a small-scale and a large-scale market, over time there must be sufficient large scale to fill the RET target. It is not impossible—none of the modelling indicates this but it is not impossible—that the target can be filled up purely with large-scale RECs at a lower price. But none of the modelling indicates that, so, when the time comes, people will have to invest to make the target. The REC price will have to rise or we will find out that it is actually cheaper to produce renewable power than we first thought. One of the two must happen.

Senator BOSWELL—There seems to be an increased number of RECs being declared invalid; they were audited. Are you aware of that?

Mr Comley—We have the Office of the Renewable Energy Regulator separately on the program. Perhaps it would make sense for the committee to have ORER appear with us, and then, if we deal with this matter now, we will not have to come back to it.

CHAIR—That is not always the case—you know that.

Senator Wong—Because obviously other senators may have other questions.

CHAIR—But we can try.

Mr Livingston—The question, I think, is about an increase in the number of RECs invalidated. I checked this morning; 3.3 million RECs had been invalidated. Part of that was one large batch some years ago of one million, but certainly in the last 12 months we have been invalidating more RECs than before because we have definitely increased the level of our pre-validation checks. People are not providing the right compliance information, so we are failing their RECs. You are correct: the number of invalid RECs has gone up. That is because people have not provided the correct information. We invalidate the RECs until they do.

Senator BOSWELL—What happens to those RECs—are they declared invalid?

Mr Livingston—They are declared invalid and that is it. If they want to reapply with the correct information they can reapply, but, once they are invalidated, they cannot be used.

Senator BOSWELL—Have there been any prosecutions?

Mr Livingston—We have not done any prosecutions. We are pursuing a number of matters. We have had a lot more, with the change in the act in June, of what we call enforceable undertakings. The act was changed to give us additional powers to do that. We prefer to do that. We issue an enforceable undertaking and people surrender the RECs voluntarily to make good the offence.

Senator BOSWELL—No-one is being charged?

Mr Livingston—At this stage, no.

Senator BOSWELL—Has the government given the department a limit on the outlays it can make in relation to the SREC program and, if so, what is the number?

Senator Wong—Outlays?

Mr Comley—Just to be clear, there is the department as distinct from the Office of the Renewable Energy Regulator.

Senator BOSWELL—How about we have both?

Senator Wong—Mr Livingston is from ORER.

Mr Comley—I am trying to get to the intent of the question. The outlays of the department on SRECs is essentially the policy advice on SREC policy. So the answer would be no, because the government does not typically go round and specify to the level of detail that you can only have two people on this policy advising. In practice, obviously, we have to meet our budget with general policy advising, but the reality is that the number of officers required to advise on SREC policy is actually relatively small. The question of the ORER, which is really the SRECs and enforcement, is a question of the ORER's budget.

Senator BOSWELL—What is the number?

Mr Livingston—ORER has a budget, and we have chosen to allocate more of our budget towards the SRES in recent times because that is where the volume of work has been and where we and I have judged that we need more validation and more accreditation work taking place. So we have actually increased in recent months the amount of effort—of our budget—we put towards the small units area, SRES.

Senator BOSWELL—That is terrific, but what is the number that you are going to?

Mr Comley—Sorry, we just want to clarify. We just wonder whether we are at cross-purposes.

Senator BOSWELL—No, this gentleman has it dead right; he knows what it is.

Senator Wong—If Mr Comley could clarify, then perhaps we could go on.

CHAIR—Yes, let Mr Comley clarify this and then we will try to move on. Senator Boswell, we will be moving on soon—

Senator BOSWELL—I have one question—

CHAIR—on this issue.

Mr Comley—We are genuinely trying to be helpful. Some in the industry, I think, have had concerns as to whether there is a cap on the number of SRECs that can be created. The

answer to that is no. The question of whether there is a finite number of resources available to the enforcement of the REC market generally, including SRECs, is a question of ORER's budget. We just want to clarify whether you are asking about that second issue rather than the first issue—about the number of actual certificates that are created.

Senator BOSWELL—All right. Do you want to intervene here, Senator Birmingham?

Senator BIRMINGHAM—On a similar point, Mr Comley and Mr Livingston, just to be clear. When you say you have allocated greater resources to the small-scale side of your operations, they are greater resources in terms of staff to ensure compliance and to handle the administration that comes with that—it is not actually more dollars in purchasing SRECs, because you do not actually purchase SRECs yourself. Is that right?

Mr Livingston—That is correct.

Senator BOSWELL—You must have a target.

Ms Wilkinson—The small-scale scheme is an uncapped scheme.

Senator BOSWELL—I know it is an uncapped scheme, but have you got a target or do you just—

Senator BIRMINGHAM—Is there an estimate of how many SRECs will be generated, perhaps?

CHAIR—Senator Boswell, the department has given you the answer.

Senator BOSWELL—Well, I want the answer—

CHAIR—And the answer was pretty unequivocal: it is an uncapped scheme.

Senator BOSWELL—No—

Ms Wilkinson—And the estimate that ORER provided was that 28 million SRECs were expected to be created this year.

Senator BOSWELL—Okay, thank you. That is what I was after. This is my last question. The department has been keeping track of the abatement provided through the SREC program. Given that reducing greenhouse gas emissions is what it is all about, what is the estimate of the abatement that has been achieved through the SREC area, and what is the cost per tonne of abatements? Dr Parkinson said this was very expensive abatement. I just wonder how expensive it is in cost per tonne.

Ms Wilkinson—The amount of abatement from the renewable energy target scheme overall?

Senator BOSWELL—For SREC.

Ms Wilkinson—The aggregate estimate is that there will be 30 megatonnes of abatement at 2020 for the renewable energy target scheme overall. I do not have with me the figures for the split of that abatement between large-scale and small-scale schemes but I can certainly take that on notice.

Senator BOSWELL—Yes, I would appreciate that, and the cost per tonne of abatement.

Ms Wilkinson—We have not estimated the cost per tonne of abatement for the SRES itself. A number of estimates have been put in the public domain—estimates of abatement associated with solar installations.

Senator BOSWELL—I would have thought it would be pretty obvious that you would have to know what an SREC abatement was and what an LRET abatement was.

Mr Comley—The issue, I think, is that it is not too difficult to calculate what the abatement is, but within the SRES there are actually different technologies. So the cost per tonne of abatement is not the same for each of the technologies. But the second and more general point is that, whilst there has been a lot of discussion of cost of abatement, the department has been working on a more comprehensive methodology to describe how we do this across a whole range of things.

Perhaps the best example of this is the different costs. One is a so-called fiscal cost—what it costs on the budget. Another would be the cost of the certificates. Another would be what the additional resource cost to society of producing a particular level of abatement is. Those three measures are actually different things for almost every measure. What we would like to do as a department is produce a comprehensive abatement methodology document and put that into the public domain so that people can understand the different bases on which everyone is quoting those things. That is why Ms Wilkinson is not quoting a particular figure—because we want to go through the various measures and be in a position to have more precise information.

Senator BOSWELL—I would have thought the cost of the certificates was the way to go. When will you have that information?

Ms Wilkinson—We are anticipating releasing the guidance on cost of abatement methodology during the first half of this year. I think, Senator, you asked what the abatement from the small-scale compared with the large-scale scheme would be. My colleague has just brought the figures to my attention. Overall it is 30 megatonnes, as I said, at 2020. Of that, the large-scale scheme is expected to deliver 26.3 megatonnes and the small-scale scheme is expected to deliver 3.7 megatonnes at 2020.

Senator BOSWELL—That makes it very, very expensive.

Ms Wilkinson—This is at 2020. You have to remember that between now and 2020 the expected uptake of small-scale installations is expected to fall. So there is a difference between the actual impact in 2020 and the impact over this whole time period.

Senator BOSWELL—Thank you very much.

CHAIR—Can I just come back to the AiG report that is in the *Telegraph* today. I do not want to end up with the focus today being something that causes some misconception in the public arena. Are you aware that the report echoes the government's view that we need a carbon price in the economy?

Mr Comley—I am aware of that, yes.

CHAIR—The AiG report says we need a carbon price.

Mr Comley—I am aware of that, yes.

CHAIR—The report also says that a carbon price will cut pollution and drive investment in a clean energy future. Is that your understanding?

Mr Comley—Yes.

CHAIR—It says that a carbon price will be the cheapest and most effective way of reducing carbon emissions?

Mr Comley—Yes.

CHAIR—And that it will be a catalyst for transforming our economy to one based on clean, efficient energy?

Mr Comley—Yes.

Senator BOSWELL—Only the Labor Party can do that.

CHAIR—Senator Boswell, behave yourself. The report also says that prices are set to rise even without a carbon price, and that a carbon price would help reduce the impact of these rises. This goes to the point I was raising earlier. Is that your understanding of what the report says?

Ms Wilkinson—That is my understanding although, as Mr Comley said, we have not read the detail of the report. But my understanding is that the report does detail that the cost of schemes such as the Renewable Energy Target scheme would be lower if there was a carbon price. But it also notes that there are other factors that are putting upward pressure on electricity prices completely absent of a carbon price. And those are the sorts of factors that have been detailed in a number of the state based retail determinations. They include the investment in infrastructure, investment in networks. Those matters are also, as I understand, canvassed in the report.

CHAIR—Is there somewhere a senator or anyone can go and have a look at those state based pressures? Is that in an easily accessible form anywhere?

Ms Wilkinson—Certainly the price determinations are published by whichever the state body is that makes determinations on retail prices.

CHAIR—Sure, but you would need to know where to go in the state bureaucracy, wouldn't you? I mean on the state websites or—the point I am asking about is whether there is any way the department can, in a reasonably cost-efficient way, pull together this information on your website so that people can actually see what these state based factors are?

Mr Comley—We could. One option would be to have a webpage that had links to the relevant determinations. One thing we would have to be a little cautious about is that at various times those bodies have done modelling exercises—of, for example, the impact on carbon pricing—not all of which have aligned with what the government has modelled, and in ways that have been quite difficult to reconcile at times. In fact I recall a New South Wales process last year where the modelling that was done of carbon prices included an assumption that seemed unusual in the way it modelled the carbon price. So we would have to think, if we went down that path, a little about how to make appropriate disclaimers about the government not necessarily endorsing the information that was in those determinations.

CHAIR—Okay. The report as I understand it also goes on to say that without the certainty delivered by a carbon price we are likely to see electricity prices ‘higher than they need be’ due to poor investments being made in the electricity sector. Is that a reasonable assumption in that report?

Mr Comley—That is a commonly stated view in the electricity sector and essentially refers to the fact that when you have uncertainty about what the climate regime will be you typically build open-cycle gas plants, which is quite an expensive way of building electricity capacity. That is essentially the people responding to the level of uncertainty.

CHAIR—The report also finds that the biggest driver of increases in electricity prices has and will continue to be the need for investment in our electricity networks, the poles and wires that are needed to meet growing demand. Is that reasonable?

Mr Comley—I think that is broadly accepted. Roughly 50 per cent of the retail price of electricity comes from transmission and distribution wires.

CHAIR—The report also says that uncertainty over a carbon price has resulted in an investment drought. I think you dealt with that earlier in your evidence to this Senate inquiry. So that is a reasonable proposition in that report?

Mr Comley—Yes, that is right.

CHAIR—The report finds that the impact of the renewable related costs is only a relatively small driver of increased electricity prices. Would that be correct?

Mr Comley—That is right. The transmission and distribution cost rises are the most significant.

CHAIR—Thank you. Is there any more on 1.1?

Senator FISHER—Yes. Following on from the chair’s questioning, can you confirm whether the CEO of AiG, Heather Ridout, also said that the government’s renewable schemes were splurging on the most expensive renewables instead of the cheapest, and then went on to warn that the nation could get stuck with the equivalent of a Rolls when a hatchback would do?

Senator Wong—We appear to be back to cars. Senator, I have not read the most recent comments but the AiG’s position on the renewable energy target has been consistent for some years.

Senator FISHER—That is a comment on the schemes, Minister, rather than the target.

Senator Wong—You voted for the scheme, Senator. So if you want to come in here and criticise it you might want to talk to your shadow minister, because my recollection is that the coalition has voted for this on a number of occasions.

Senator FISHER—It is a reference to schemes, plural, but anyway.

CHAIR—There is no more on 1.1. We will move to 1.2.

Senator Wong—Can I just clarify whether the Office of the Renewable Energy Regulator is still required? At the last estimates I think Senator Boswell was the primary senator asking questions.

Senator BIRMINGHAM—I have one question, which possibly even the department can answer.

CHAIR—Do it now and let that agency go.

Senator BIRMINGHAM—I refer to the incoming government brief, the strategic brief that was released under FOI—page 74 of that, which is a whole lot more legible than the rather large black square on page 73. It proposes the creation of a dedicated regulatory capacity for greenhouse energy reporting and renewable energy administration, essentially a joint entity of the ORER and the functions of the department required under the NGRS legislation. Has a decision been made on that proposal?

Mr Comley—No.

Senator BIRMINGHAM—So it has not been part of the portfolio bids for the 2011 legislative program, then, as mooted?

Mr Comley—No.

Senator BIRMINGHAM—Is that still a live proposal?

Mr Comley—I have not been definitively told it is dead. It is not occupying a lot of my time, let us put it that way.

Senator BIRMINGHAM—Is a brief before the minister or someone to consider it?

Mr Comley—Not to my knowledge. I would have to take that on notice.

Senator BIRMINGHAM—Has it gone anywhere since it appeared in the brief?

Mr Comley—Not to my knowledge.

Senator BIRMINGHAM—Thank you, Mr Comley. Anything else I need on that I will put on notice. For the time, that will suffice.

[3.30 pm]

CHAIR—We are on program 1.2.

Senator TROETH—I would like to ask some questions about the Home Insulation Program. I would like to refer you to a couple of incidents last year. In November 2010, three people died in a fire in Wagga. Minister Combet confirmed that that house in which they died had received insulation under the government's Home Insulation Program. Minister, could you confirm that the house involved in that incident did receive insulation under the Home Insulation Program?

Senator Wong—I might ask Mr Bowles to respond.

Mr Bowles—Yes, Senator, that home did have insulation installed under the Home Insulation Program.

Senator TROETH—When was that insulation installed?

Mr Bowles—I do not have that to hand, but I can take that on notice.

Senator TROETH—Yes, can you get that for me please. Who was the company who installed it?

Mr Bowles—Again, I am conscious of this being subject to a coronial inquiry—

Senator TROETH—Yes, I understand that.

Mr Bowles—and I am not comfortable in actually releasing the name at this particular point.

Senator Wong—Can we take that on notice, Senator Troeth? I think Mr Bowles is reasonably urging some caution, given there is a coronial inquiry, as I am advised, on foot.

Senator TROETH—Will it be possible to put that on notice and get it at a later stage?

Mr Bowles—Yes.

Senator TROETH—I have a number of other questions on that particular incident. I will also put those on notice, if I may.

Mr Bowles—If you wish or you can ask some. I can possibly answer some but not all.

Senator TROETH—For instance, who was the company and where was the company from?

Mr Bowles—I will take that on notice.

Senator TROETH—Did the government ever withhold payments to the company?

Mr Bowles—I will take it on notice, but, to my knowledge, no.

Senator TROETH—Had there been complaints about the workmanship at any other houses?

Mr Bowles—Again, not to my knowledge, but I can confirm that.

Senator TROETH—Does the company still exist?

Mr Bowles—I believe so, but I will take it on notice.

Senator TROETH—Did the government take any action to shut them down after this incident?

Mr Bowles—There is no link at this particular point that the insulation was the cause of the issue, so there is no need to shut a company down.

Senator TROETH—I have some other questions related to that, but I will put those on notice. As far as we know, given that the house had had insulation installed and given that three people died, we now have four people who have died who were involved in the Home Insulation Program— three people in the Wagga fire and another in a fire near Parkes last year.

Mr Bowles—You are making a link between the insulation and the fire that has not been proven in either the Wagga fire or the other fire—I think you are referring to Peak Hill.

Senator TROETH—Yes, that is right.

Mr Bowles—There is no link. While insulation was installed in those homes, there is no link between the insulation and the fire itself.

Senator TROETH—Minister Combet did confirm a link to the Peak Hill fire. If it is the same as the one at Parkes, he confirmed a link to the insulation program almost straightaway and then later ruled it out.

Mr Bowles—A link to the program inasmuch as insulation was installed in the home—

Senator TROETH—Right.

Mr Bowles—not a link to the fire itself.

Senator TROETH—And the link to the fire was later ruled out—is that correct?

Mr Bowles—I believe that was the case. It was quite a while ago. If you are referring to the Peak Hill fire, which I think you are, the minister said that, yes, the insulation had been installed in that particular home and at that point there was no knowledge about whether there was a link between the insulation and the fire. That was later definitely ruled out—that is correct.

Senator TROETH—At present, can you confirm whether the government or the department is aware of any other deaths or injuries which may be in any way linked to the Home Insulation Program?

Mr Bowles—No, not to my knowledge.

Senator TROETH—According to your own website, as at 3 February 2011 there have been 202 house fires directly resulting from the Home Insulation Program.

Mr Bowles—Can I just qualify that. They are not house fires; they are fire incidents, which could range from a series of things like charring around down lights and occasional smouldering. There have been 28 actual fires resulting in structural damage—not the 202. The 202 relates to a range of those, some of which—from memory, about 170-odd of those—actually were attended by the fire brigade. The rest are ones that we identified through our inspection programs. We actually put the two together to make sure we got a full record of fire incidents.

Senator TROETH—You did mention the figure 28.

Mr Bowles—There were 28 structural damage fires.

Senator TROETH—Resulting from home insulation?

Mr Bowles—Where there was insulation installed and there was a link to that particular fire.

Senator TROETH—According to the Climate Change website, the fire brigade attended two new fire incidents linked to that program—one in Victoria in November 2010 and one in New South Wales in January 2011. Could you give me any details about those?

Mr Bowles—I would have to take that on notice. I do not know the addresses and all of that sort of stuff—where they are all at.

Senator TROETH—Could you take that on notice, please. Given that there have been a number of house fires in houses which have had insulation installed under this program, do you expect the risk of house fires in that configuration to continue, given that the program has now been discontinued?

Mr Bowles—It is hard to definitively say that I do not expect fires or the like. What I can say, though, is that, from what knowledge I have at the moment, the expectation of the number of fires is significantly reduced. We have seen a smaller number of fires over the last number of months. Since November there have been three, as I understand it.

Senator TROETH—I see. Of the ones on which you have details—and I am happy to put this on notice—can you give me the date, the location, a brief description of the extent of the damage and the cost of the damage for each incident?

Mr Bowles—We do not necessarily go to that level of detail. A lot of these issues are between the householders and their insurance companies. In some cases, we will talk to householders. We basically inspect all of these houses, some of which we do not necessarily have a lot of detail on. It depends on which fires you are talking about now, but I can take that on notice and we will see what we can give you.

Senator TROETH—Yes, if you would. Also, how many people have been injured in those fires?

Mr Bowles—I do not have a number on that. We could check. To my knowledge there is a small number of injuries.

Senator TROETH—Have any firefighters been injured?

Mr Bowles—Not to my knowledge.

Senator TROETH—Given that there are possible deaths and possible house fires in houses linked to the insulation program, have there been any claims for compensation?

Mr Bowles—Let me just correct that. There are no possible deaths linked to the program at this point. There is a coronial inquiry in regard to the Wagga fire. With the limited knowledge I have, there is no link at this point to the insulation being the cause of the fire. The same can be said for the Peak Hill fire. So there are no possible deaths linked to this program as far as I am aware at this particular point.

Senator TROETH—In the case, then, of the actual fire, have any compensation claims been lodged or paid?

Mr Bowles—In relation to the fire, I do not believe so.

Senator TROETH—Is there any provision for compensation for either injury or loss of property?

Mr Bowles—No, it is a matter for the householders and their insurance companies in the first instance.

Senator TROETH—So they would claim rather than claiming against the program?

Mr Bowles—That is correct.

Senator BIRMINGHAM—I will touch on a couple of things quickly. Mr Bowles, can you give a quick update on the status of both HISP and FISP—the number of homes inspected and what status that now puts the inspection program at et cetera?

Mr Bowles—Under HISP, which is the non-foil program, as of I think 13 February we have done just under 109,000 inspections. Under FISP, which includes the interim, we did

24,000 under the interim and there have been 32,000-odd under the broader FISP. There is some overlap between those two figures, though, because we have actually gone back and reinspected some of the ones that had had interim inspections.

Senator BIRMINGHAM—In relation to the foil insulation program, FISP, does that mean that all homes have now been inspected?

Mr Bowles—Not quite all at this stage. There are a small number still in the call cycle and a number of homes that we are still trying to contact. Some people have chosen—

Senator BIRMINGHAM—Sorry—a number in the what cycle?

Mr Bowles—In the call cycle. We are calling people. It is hard to describe this. We have a number that we are trying to contact and we have a number that we are actually dealing with at the moment within that overall number that we are trying to contact. Some we cannot contact—after four phone calls and multiple letters, we have not been able to contact some people. But we do have a group of these people in the middle of being contacted at the moment. We are in that ballpark with them. There is a small number, of fewer than 2,000, in that category.

Senator BIRMINGHAM—A small number of fewer than 2,000—

Mr Bowles—In the call cycle category.

Senator BIRMINGHAM—And in the—

Mr Bowles—About 5,000 in that other category of homes that we are still trying to contact.

Senator FISHER—So does that mean that around 7,000 needing to get done?

Mr Bowles—There is cross-over in those two categories potentially.

Senator FISHER—The two and the five as well?

Mr Bowles—Potentially, yes.

Senator BIRMINGHAM—Up to 7,000 would be—

Mr Bowles—Yes.

Senator BIRMINGHAM—You sound like you are reaching a point at which contacting and getting access to some of those 7,000 properties is proving problematic?

Mr Bowles—Yes, it can be problematic, but we will exhaust all of our efforts before we actually say, ‘That’s it.’ We still have a little way to go, but we are pretty close to the end point.

Senator BIRMINGHAM—Is there a deadline that the government has for achieving that at present?

Mr Bowles—There is no deadline at this point. We will continue try to contact people. It will be a decision of government at some future point, I assume.

Senator FISHER—The FISP website said that you expected to complete most of the FISP inspections by December last year. So how do we—

Mr Bowles—No; we were expecting to finish a large proportion of those—I think the number was about 90 per cent—and we have done that. We have a number of ones that we are still dealing with, as I just outlined.

Senator FISHER—So, if you have done most of them, will you release the FISP findings now?

Mr Bowles—Once we have finalised the program and completed the analysis of what is actually happening, yes, we will release that data. If you recall, Senator, I said last time that I was going to engage a consulting firm to assist us in actually working out, in both HISP and FISP, how we might actually do that. That is under way as we speak. You will also recall that I did release some data last time about FISP—about how many people had had their foil removed and how many had safety switches and the like.

CHAIR—Thank you.

Proceedings suspended from 3.45 pm to 4.00 pm

CHAIR—We will resume with Senator Troeth.

Mr Bowles—Senator, before you start, you asked when the Wagga house was installed: it was 22 January 2010.

Senator TROETH—Thank you. I would now also like to ask you some questions about the court cases that have happened so far, starting with the Matthew Fuller/Monique Pridmore case. As you will recall, QHI Installations, which were part of the Home Insulation Program, were fined \$100,000 following the death of Matthew Fuller and severe injuries to his work colleague and partner. Was the government represented in that prosecution?

Mr Bowles—No, Senator. They were issues with the installer itself; they were prosecutions under industrial laws in Queensland.

Senator TROETH—Did the government make a submission on sentencing?

Mr Bowles—No. As I said, the regulations for these occupational health and safety type issues are those of the states.

Senator TROETH—This is probably a fruitless question, but was the government satisfied with the level of the fine?

Mr Bowles—We do not make comment on those sorts of issues.

Senator TROETH—Did the government provide any support to the Fuller and Pridmore families to represent their interests in this case?

Mr Bowles—In that case, no. The government has committed to any issues around coronial inquiries and to assist in the legal costs of coronial inquiries, not in the industrial cases.

Senator TROETH—Has the coronial inquiry happened yet?

Mr Bowles—No. There have been no coronial inquiries started on any of the deaths involved in the program at this stage.

Senator TROETH—Have you any idea when that might be?

Mr Bowles—No. Generally these things wait until all other issues are complete and then they happen. But we have had no indication at this stage of when, or even if, coronial inquiries will go forward.

Senator TROETH—And that will be at the discretion of the state government?

Mr Bowles—Well, the coroner in each of the states—that is correct.

Senator TROETH—Did the government ever withhold any payments to that company, QHI Installations?

Mr Bowles—I could not tell you. I would have to take that on notice.

Senator TROETH—If you would—and, if it did, the reason for it as well. Had there been complaints about their workmanship at any other houses?

Mr Bowles—Not to my knowledge.

Senator TROETH—And how many houses did that company install insulation in?

Mr Bowles—I do not have that; I would have to take that on notice.

Senator TROETH—If you would, and also how much they were paid for that.

Mr Bowles—Yes, Senator.

Senator TROETH—Does the company still exist—are you aware of that?

Mr Bowles—I am not aware of that.

Senator TROETH—Other than the publicity that was gained around the circumstances, there was no action taken by the government to shut the company down or curtail its activities in any way?

Mr Bowles—No. That is an issue with the state regulators.

Senator TROETH—I will move on to the Rueben Barnes court case. He was employed by a company called Arrow Property Maintenance, and they were fined a total of \$135,000 last September. I have similar questions to those that I have just asked. Was the federal government represented in that prosecution?

Mr Bowles—No, it is exactly the same.

Senator TROETH—For the same reason?

Mr Bowles—All the same reason, yes.

Senator TROETH—And you did not make a submission on sentencing?

Mr Bowles—No.

Senator TROETH—You said that you would be providing some degree of support to the Fuller family in the coronial inquiry. Will you be providing that same support to the family of Mr Barnes?

Mr Bowles—We will be providing that to the families of all four fatalities in the program.

Senator TROETH—Could you explore those same questions about payments to the company and statistics on the company, and provide answers to them as a question on notice as well, thank you.

Mr Bowles—Yes, Senator.

Senator TROETH—There are two other victims: Mitchell Sweeney; and Marcus Wilson, who died of heat stress, although I understand that no charges have been laid against anyone in relation to his death. If you have any information along similar question lines for those two incidents, could you provide them to me as well.

Mr Bowles—Yes, Senator.

Senator TROETH—Thank you.

Senator BIRMINGHAM—Can you give us an update, please, Mr Bowles or one of the finance people in the department, as to your current projections of how much of the budgeted funds for FISP, HISP and HIP will be spent in the current financial year?

Mr Bowles—It will still depend on when and how long we go with the program, and a number of unknowns will still need to be gone through before we get to the end of even this financial year. So I could not give you an accurate estimate of that at this point. As you would know, and as I have said before, the program funds are still in place. The revised budget for 2010-11 sits at \$438,385 and the 2011-12 budget at this point is \$258,452,000. We will provide updated assessments of that in the context of the budget.

Senator BIRMINGHAM—Okay. Let us work on currents, as best we can, please.

Mr Bowles—Sorry, Senator; just to correct what I said—I think I said thousands instead of millions. It is \$438,385,000—in the millions, not the thousands.

Senator BIRMINGHAM—The finance minister is thinking ‘If only’.

Mr Bowles—That is right.

Senator BIRMINGHAM—Along with the taxpayer. In relation to FISP, how much has been spent this financial year to date, on the department’s best estimates?

Mr Bowles—I would have to take that on notice. I do not keep an up-to-date tally on all of those things. I can take that on notice and see where we are.

Senator BIRMINGHAM—There must be some type of recent report that was provided to Mr Comley, Finance, Treasury or somebody.

Mr Bowles—No, we do not have one at the table or even behind me, but I can take that on notice.

Senator BIRMINGHAM—You do not have anybody anywhere who can tell us how much of the program has been spent year to date?

Mr Bowles—I do not have that with me, no.

Senator BIRMINGHAM—We often get criticised as senators at budget estimates for not asking questions about the budget estimates. That was a pretty clear-cut question on budget estimates.

Mr Bowles—It is just that I was not expecting a question on that; sorry. I will take it on notice and we will let you know.

Senator BIRMINGHAM—Mr Comley, are you able to get somebody in the department, while we continue with questions this afternoon, to look it up?

Mr Comley—Yes, we can do that. We will get someone to have a look at what the year-to-date expenditure on the area is and see if we can get it back before the end of the hearings this afternoon.

Senator BIRMINGHAM—If you could, Mr Comley. For the three budget lines, at least as they were identified in the budget papers, in the PBS, the Home Insulation Program had a budget of 347.7, FISP had 66.1 and HISP had 295. Can we get year-to-date estimates against those or a lump sum, if you have recalibrated them into one figure? I think Mr Bowles put a 600-odd figure on it when he was citing them. Whatever you are reporting against, I would be happy to have if it is possible.

Mr Comley—We will see what we can get. The only comment I would make is that the portfolio additional estimates were finalised quite recently. I seem to remember that we ticked off on those only a couple of weeks ago.

Mr Bowles—Two weeks ago.

Mr Comley—And that obviously reflects the information for the year-to-date and our projection from here. So the published portfolio additional estimates are our best estimate at the moment of the expenditure of that program. It is quite a recent estimate. That is the only comment I would make.

Senator BIRMINGHAM—Sure. If you are able to give us the most recent possible year-to-dates during the course of this afternoon, that would be greatly appreciated. Can I turn to the contractual basis under which HISP and FISP have been operating. Are both services being delivered through the same outsourcing contracts or are there separate contracts for the two programs?

Mr Bowles—There are separate contracts.

Senator BIRMINGHAM—And the foil program is being delivered by whom?

Mr Bowles—PricewaterhouseCoopers. They use UGL, United Group Limited.

Senator BIRMINGHAM—And the non-foil HISP?

Mr Bowles—The non-foil is again PricewaterhouseCoopers. They are currently delivering through CSR Bradford and United Group Limited. There are two separate contracts for those. We contract with PwC, who contracts with each of those and they are separate arrangements.

Senator BIRMINGHAM—United Group Limited is UGL?

Mr Bowles—Yes.

Senator BIRMINGHAM—So foil and HISP both involve PwC working with UGL but, for the non-foil, we have CSR Bradford?

Mr Bowles—Yes. Just let me clarify that. The PwC and UGL are separate contracts for foil and there is a separate contract for the non-foil.

Senator BIRMINGHAM—I note that departments are very keen nowadays, when asked about consultancies that are issued or the like, to give answers to questions on notice that

simply refer us to the AusTender website, which is not always that helpful. We have tried on this front to search the AusTender website for the value of these contracts and I have not been able to come up with the valuation. Mr Bowles, are you able to give a valuation for these two contracts?

Mr Bowles—I will check. If you could go onto something else, I will check what we can find out.

Senator BIRMINGHAM—Thank you. I will move on to something else. The contract under the Home Insulation Safety Program, the HISP, is for what is known as phase 1?

Mr Bowles—Yes.

Senator BIRMINGHAM—And phase 1 involves the inspection of the target of 150,000 homes?

Mr Bowles—It is targeting that group of homes, yes.

Senator BIRMINGHAM—Am I shortcutting what phase 1 involves or overstating what phase 1 involves?

Mr Bowles—Phase 1 may not get to 150,000. We are, as you probably know, in the market place around phase 2 of contracts. So the government has committed to doing 150,000 homes in the non-foil space. We are up to, as I said before, I think, 108,000.

Senator BIRMINGHAM—You said 109,000.

Mr Bowles—We are in the process of dealing with the tenders for the phase 2 contract. As and when that concludes, we will swap over, if that is where it goes, and they will complete the rest of the 150 or whatever number the government finally decides to look at.

Senator BIRMINGHAM—So phase 1 is for a capped dollar amount, and that is why you may not get to the 150,000?

Mr Bowles—No, phase 1 was about contracting with PwC-CSR and PwC-UGL for 40,000 each.

Senator BIRMINGHAM—So it is 40,000, PwC; 40,000, CSR; and 40,000, UGL?

Mr Bowles—No. The contract is PwC using CSR to deliver 40,000 inspections and PwC using UGL and their network to do another 40,000. So that is 80,000 in total.

Senator BIRMINGHAM—How have we got to 109,000 then?

Mr Bowles—Because we had a series of inspections that were run prior to phase 1. We referred to it initially, I think, as the interim program. That was PwC and UGL.

Senator BIRMINGHAM—Have CSR and UGL both completed their 40,000?

Mr Bowles—Not at this stage.

Senator BIRMINGHAM—How close to that are they?

Mr Bowles—From memory, they are probably up around 30,000 each, or roughly that. It is a point-in-time issue. They do quite a number a day.

Senator BIRMINGHAM—Sure—I understand that these are all approximates and we trust that the inspections are taking place today.

Mr Bowles—Yes—it is around 30,000.

Senator BIRMINGHAM—So up to another 20,000 are to be completed under this phase 1 contract—

Mr Bowles—That is correct.

Senator BIRMINGHAM—which will get you to somewhere just shy of 130,000 inspections?

Mr Bowles—That is correct. That is as we expect it today.

Senator BIRMINGHAM—For the phase 2 tender, what are you tendering for specifically in that regard?

Mr Bowles—There are two packages of work: to complete the 150,000 homes, and to do complex cases where we require some additional expertise. That can be things like skillion roofs where you cannot get access easily. In some cases, we have some asbestos related roofing material and we want to get specialist skills in to look at those issues.

Senator BIRMINGHAM—The phase 2 tender closed on 10 December?

Mr Bowles—Yes.

Senator BIRMINGHAM—How many parties did you have tender for that?

Mr Bowles—Initially there were something like 12, but that is just from memory.

Senator BIRMINGHAM—Is there a time line for resolving that tender?

Mr Bowles—We are hoping it will be in the next few weeks. We are going through the final technical and value-for-money processes at the moment.

Senator BIRMINGHAM—Has there been any slippage in that regard? It seems, since 10 December, to have been a fair period of time.

Mr Bowles—No, not really. We have to remember that the Christmas period comes into that. In answer to your earlier question, we had 12 bidders. So the Christmas and New Year period came into that and most of these companies do close down as well, and that comes into our processes. As I said, we are in the final throes of that at the moment, but obviously I cannot talk about the outcome of those issues because we are still in the middle of the tender process.

Senator BIRMINGHAM—But there has been no change to the government's intention to complete that process and appoint a successful tenderer to complete the 150,000 target and the complex cases?

Mr Bowles—No.

Senator BIRMINGHAM—Beyond 150,000 you have been having some work done, or had some work done, by the CSIRO.

Mr Bowles—We are still having some work done.

Senator BIRMINGHAM—What have you been provided with to date by the CSIRO?

Mr Bowles—We are in constant contact with CSIRO around targeting and how we go about that. We have been in constant contact with them on data and what is happening with

our inspection programs. We do not have a conclusion to that at this point. We hope to have that in the next little while, because what we are obviously trying to work out is the best way to reach that 150,000 target and what the implications of that are. That is a process we are currently working on. As I mentioned last time, we have engaged an international consultant. We have engaged Booz and Co. to assist us with that work.

Senator BIRMINGHAM—Who?

Mr Bowles—Booz—it used to be Booz Allen.

Senator BIRMINGHAM—I thought that is what you said but I just wanted to check.

Senator Wong—Yes, the first time I heard that name I had a similar reaction.

Senator FISHER—What have you budgeted for that?

Mr Bowles—From memory, Senator, the budget is about \$250,000.

Senator FISHER—And what is the term of reference for their job?

Mr Bowles—The terms of reference are basically to work with us and CSIRO on what the appropriate number is and how to move the program forward—how we get to the 150,000 and whether there is any need to go past the 150,000. They are working with us around a range of issues, along with CSIRO, to come up with that conclusion. That will then go to government, obviously, for government to make a decision. We have not completed that work at this point.

Senator BIRMINGHAM—When were Booz and Co. engaged?

Mr Bowles—I do not know the specific date but they have been working with us probably for the last three or four weeks. They came on after Christmas.

Senator BIRMINGHAM—They were selected by competitive tender?

Mr Bowles—We used the panel arrangement. We approached three firms and Booz was successful in that process.

Senator BIRMINGHAM—Where are they based?

Mr Bowles—They are sort of an international firm—I am not quite sure. I think they are Sydney based.

Senator BIRMINGHAM—You described them as an international firm before, which is why I—

Mr Bowles—They are, but in the Australian context they are Sydney based.

Senator BIRMINGHAM—What is the total budget for CSIRO's involvement in this analysis?

Mr Bowles—From memory it is roughly the same figure—\$250,000. It might be a bit more because we have been working with them for a little while now.

Senator BIRMINGHAM—The CSIRO involvement was cited back in the October supplementary estimates hearings.

Senator FISHER—That is right, and Mr Bowles indicated, I think, that he expected to hear from them in December.

Mr Bowles—Yes, I did hear from them in December. But we are still working with them to come up with an outcome. We have engaged Booz and Co.—

Senator FISHER—Will you get an outcome before you finish the inspections?

CHAIR—Senator Fisher, let the officer answer. You have been very well behaved so far but you are now heading to where you normally are. So behave.

Mr Bowles—I think you will also recall, Senator, that at the time I did say I would be working with CSIRO and would be engaging an international consulting firm, which I am now confirming as Booz and Co., to work with us to come up with that conclusion. We are using CSIRO about statistical analysis of what we are doing. Booz will say either that that is a good way of doing it or that that is not a good way of doing it; that is what their job is.

Senator BIRMINGHAM—What is the time line for Booz and Co. and CSIRO giving you a final recommendation, firstly, on how to identify and conduct the remaining 20,000 or 30,000 inspections within your 150,000 target and, secondly, on how to identify whether you need to conduct more inspections beyond that?

Mr Bowles—In relation to the first, we are using CSIRO methodologies as we speak all the time, because that is just a constant backwards and forwards with the statistics and things like that about our inspection program. As for the second, from memory, at the last estimates before Christmas I said we were targeting the end of the first quarter of this year. We are relatively on track. It might be a little longer but not a lot longer. So that is end of March, early April—something like that.

Senator BIRMINGHAM—That is the time line for you to get a report back from Booz and Co. and CSIRO on whether there needs to be more than 150,000?

Mr Bowles—That is correct.

Senator BIRMINGHAM—Are Booz and Co. providing any input into the current targeting methodology, or is that all now established with CSIRO?

Mr Bowles—That is the nature of the work with CSIRO. Booz will provide some advice as to whether that is appropriate. They are not actually inputting, if you like, into the work that CSIRO are doing, but they will review that and basically give us advice as to whether it is right or wrong. In my discussions with them, though, they are saying the approach is the appropriate approach. That is just a verbal update that I get.

Senator BIRMINGHAM—If the recommendation from Booz and Co. is that there be further inspections, would that then require a further tender round for a phase 3 of inspections, or is there an option written into phase 2?

Mr Bowles—No, there is scope within the phase 2 tender for that to continue. We looked at options, obviously, for what we are doing.

Senator BIRMINGHAM—It is not impossible that in this financial year you could surpass 150,000?

Mr Bowles—It is not impossible if that is the outcome of both the CSIRO and the Booz work—that is correct.

Senator BIRMINGHAM—Are CSIRO and Booz working on this together and will they provide a joint report and recommendation?

Mr Bowles—No.

Senator BIRMINGHAM—The government will receive two separate reports?

Mr Bowles—Yes, they are two separate pieces of work. There will be separate arrangements for government to make a decision on.

Senator BIRMINGHAM—Very briefly, what is Booz and Co.'s expertise versus CSIRO's expertise to make this recommendation?

Mr Bowles—CSIRO's expertise that we are using is in the statistical analysis of all the data that we have. So that is what they are being used for. Booz's expertise is around normal consulting arrangements. They can draw on a whole range of risk experts and other experts as required to make a comment or a recommendation about whether this is the right thing to do, the wrong thing to do or whatever. They are an internationally recognised consulting firm. They do what these consulting firms do and they have a range of different experiences to bring to the table.

Senator FISHER—Can I follow on from Senator Birmingham's questions about Booz and Co. and CSIRO. The portfolio budget statements, on page 27, talk about the department's KPIs under program 1.2: It says that timely high quality policy advice is provided to government on the progress of the HISP. What is the form of the department's high-quality policy advice being provided to the government? Is it based on the CSIRO and Booz and Co. reports or something else?

Mr Bowles—It is based on a range of issues that the department deals with on a day-to-day basis. We provide regular advice—

Senator FISHER—How often?

Mr Bowles—It depends on the topic, but it can be quite often. We then also deal with the cabinet process, which obviously I am not going to go into. You mentioned progress on the HISP. I know that the acronym is the same, but we must make the distinction between the Home Insulation Safety Plan and the Home Insulation Safety Program.

Senator FISHER—You are quite right. Of course, I was talking about the safety plan.

Mr Bowles—I am talking about the broader issues which were part of the plan—HISP, FISP, the industry assistance and the fraud and other non-compliance issues. But we provide regular updates to the minister.

Senator FISHER—How many South Australians with homes insulated under HIP have contacted the safety hotline and how many have requested inspections?

Mr Bowles—Hopefully someone behind me will find that for me. I do not have the hotline people with me.

Senator FISHER—Perhaps while that information is being gathered, I can ask a couple more questions in respect of South Australia. Can you or perhaps the same people answer this question: what assistance might your department have provided to the Office of Consumer and Business Affairs in South Australia? They are investigating some 61 plus 15 installers

who laid insulation under HIP yet were not licensed as they were required to be under the South Australian laws.

Mr Bowles—I do not know the specifics of exactly what happened between the 61 and the 15, other than that we have provided a whole series of data on installers in South Australia to OCBA. I have personally met with some people from OCBA and some of my officers are in regular contact with all state and territory regulators on the various issues within the program.

Senator FISHER—Do we have anyone who can answer questions about the South Australian impact?

Mr Bowles—It depends on what questions you want to ask.

Senator FISHER—I would like to know how many South Australians with HIP insulation have contacted the hotline; how many have requested inspections; how many have actually had inspections done; and, of those inspected, how many had insulation laid by installers who were not licensed as required under the South Australian laws?

Mr Bowles—I think I answered some of that in a question on notice that you asked me once before, but let me tell you again, because I think you have referred to these figures in the media. The number of installs in South Australia was 38,837. The number of installs by unregistered installers was 17,339. You have these figures, Senator. The number of safety inspections that have been done in South Australia is 3,303.

Senator FISHER—Of those 3,303 inspected, how many homes were insulated by installers not licensed as they are required to be under the South Australian laws?

Mr Bowles—I would have to take that on notice. We do not necessarily keep it in that sort of order.

Senator BIRMINGHAM—Did the government or the Commonwealth reimburse the South Australian government for inspections in South Australian public housing?

Mr Bowles—The government has agreed that we would do that. We have not done that as we speak. We are in constant contact with the South Australian government on those issues.

Senator BIRMINGHAM—Is it just the South Australian government this applies to?

Mr Bowles—Because they have done inspections on their own housing stock.

Senator BIRMINGHAM—So it does not apply to any other state or territory government?

Mr Bowles—Not to my knowledge—not in this way. We had a specific conversation with the South Australian government about their public housing and we agreed that they would do the inspections and we would actually work out a basis for how that gets paid.

Senator BIRMINGHAM—How many inspections did they undertake?

Mr Bowles—I believe it was around 160.

Senator BIRMINGHAM—Was that for all of—

Mr Bowles—I do not know the number of public houses, if you like, in South Australia, but we left that to the South Australian government. Obviously, it is their housing stock. As I understand it, I think it was 164 from memory.

Senator BIRMINGHAM—Were these essentially concerned homeowners ringing and saying, ‘I want an inspection’? How is it that the South Australian government got to say, ‘We have 160-odd houses’?

Mr Bowles—There were concerns raised by some householders through normal process and that was what we agreed to do. Public housing was not in the program; however, we did install in some public housing because some householders basically lied as to the status at that particular point. So, again, through the program, we said we would actually address that issue.

Senator BIRMINGHAM—I am assuming from what you have said that the 160-odd were not part of the random CSIRO methodology of selecting households for inspection; they were a self-nominated group by the government of South Australia?

Mr Bowles—That is correct.

Senator BIRMINGHAM—Do you have a cost as to how much you expect to be reimbursing the South Australian government?

Mr Bowles—No, I do not. As I said, that will be subject to separate negotiations with the South Australian government.

Senator BIRMINGHAM—Can you take that on notice, please?

Mr Bowles—We will but we will not—

Senator TROETH—I have a couple of questions on specific instances which are nevertheless indicative of a wider problem. A constituent of an MP in Victoria, when the federal government’s home insulation scheme was active, was approached by a solar insulation company who offered her an extremely competitive price, which she accepted. I have her details and she has the corresponding paperwork and contact details of the company. The email says that yesterday—and this email is dated 2 February 2011, so this is on 1 February—the constituent was approached by another solar insulation company who offered to conduct a risk assessment safety check of the ceiling insulation. It went onto say that the tradesman discovered that she did not have any insulation in her roof, despite the original installers arriving with a large bundle of insulation on the day. How does that sort of thing still happen and why are we still getting reports like that?

Mr Bowles—It is very difficult for me to respond to an individual case of something that I really do not have any understanding of the background of. Let me say, though, that it cannot still be happening; the program does not still operate. So we obviously have a householder in this particular case who was duped by an installer at that particular time. If you provide that information, I am happy to follow it up.

Senator TROETH—I am happy to do that. How many cases do you know of where no insulation was installed at all, and how many reports all up did you receive of fabricated claims by the installers?

Mr Bowles—I have to be reasonably careful about how I answer this question, because it is obviously subject to a whole lot of investigation work that we carry out on a regular basis around these sorts of issues. I do not want to alert people to how many or what we are actually after, but we do know of a number of these cases and we will pursue those cases.

Senator TROETH—So they are being investigated?

Mr Bowles—Absolutely they are.

Senator TROETH—If they are being investigated, that partially answers my question. The second instance is in Western Australia, and again an MP's office was contacted by a person who sought to have a safety inspection carried out on the insulation installed in their property. The safety inspector failed to turn up and the reason given was that he missed his jet from Brisbane. From that information it would appear that the government is paying the safety inspector to fly from Queensland to Western Australia to carry out a safety inspection.

Mr Bowles—As I established earlier, we contract with PricewaterhouseCoopers and then through their networks to deliver services based on the contract amount. How they actually get to where they need to get to is up to them, and they manage the risks of all of those sorts of issues. We do not get into the specifics of how some of these things are done. I assume that in those cases—if, in fact, that is what was happening—they are possibly sending their people over to do a series of work in a particular location. But contractually that is how they are operating; we do not really get into that level of detail with them.

Senator TROETH—So it would be paid out of their contracted sum rather than the government paying it?

Mr Bowles—Yes. We have a contract with them and we pay PwC, who manage that process for us. So we do not get the air fares or whatever it might be.

CHAIR—Mr Bowles, PricewaterhouseCoopers have for decades provided advice to Australian industry on efficient management and work practices. Is that your understanding?

Mr Bowles—Yes, that is true.

CHAIR—I have had personal experience with them in the past and they have a reputation of working efficiently and effectively.

Mr Bowles—Yes, that would be true.

CHAIR—Would that be one of the criteria before they were engaged—that they had this expertise?

Mr Bowles—Yes. These are complex programs and we obviously need someone who knows a bit about some of these things that we are dealing with. They are quite complex programs and you need someone with some sort of skill base in this area.

Senator TROETH—Could you provide me, possibly on notice, with the total number of installations under whichever was the original Home Insulation Program and how much was spent on the installations?

Mr Bowles—Approximately 1.1 million homes were insulated under the Home Insulation Program. Actually it is probably closer to 1.2 million if we look at the foil program. The spend was approximately \$1.45 billion.

Senator TROETH—What provision has been made to rectify the mistakes made in that program?

Mr Bowles—As I said before, the figures in the additional estimates portfolio statements are a revised budget of \$438-odd million this year and \$258-odd million for next year. That does not mean we will spend all of that money on the program; that is just the balance of the program funds.

Senator TROETH—So approximately \$700 million.

Mr Bowles—There is approximately \$700 million left in the program as it stands; that does not mean we will actually spend that. A decision was made to leave the program funding as it is until we get to a conclusion on how to conclude the program.

Senator TROETH—I think you said previously that at the moment no compensation has been asked for by or allocated to people who decided they had suffered loss.

Mr Bowles—No, we were talking about house fires before, I think. If you are asking whether people have made claims on the department the answer is yes, there are a number of claims on the department. That does mean we accept any of those, and we have not paid any of those.

Senator TROETH—Have you set any money aside for the eventuality that they need to be paid?

Mr Bowles—Only in the context that we have the program funds that are available—that roughly \$700 million figure that I have just mentioned. We have not made an allocation of funds to pay any legal claims out of that and, as I said, we do not necessarily agree that there is a legal claim against the Commonwealth.

Senator TROETH—In 2009 when this program was unveiled, the Prime Minister said that it would save 50 million tonnes of CO₂. What is the estimate now?

Mr Bowles—I am unaware of the earlier figures because that pre-dates me. But I think you are referring to the abatement estimates that were put out recently. The cumulative figure was 14.9 million tonnes, from memory.

Senator TROETH—Given the enormous cost, what would that work out to in terms of cost per tonne in emissions abatement?

Mr Comley—Senator, this comes to an answer I gave to Senator Boswell earlier. When we put out the emissions estimates we say the program has reduced emissions by 14 million tonnes. That is not the same as how many emissions are reduced by having that level of insulation. It is in a sense the emissions reduced because people took insulation who otherwise would not have had insulation, et cetera. So normally when a cost abatement estimate for insulation is done the cost is negative because of the saving of energy bills et cetera. Taking the fiscal cost over the 14 megatonnes is a fiscal estimate but does not go to the question of what the societal cost is.

Senator TROETH—So you are saying it does not reflect the true outcome?

Mr Comley—It does not reflect the reduction, because it does not include the emissions that people would have saved by installing insulation who would have paid for it themselves. What you have effectively done in this program is paid some people who would have installed it themselves, and that is borne by the community. But the actual abatement cost is close to

negative, because there are also savings for those individuals in terms of the energy costs over time.

Senator FISHER—Given that the CSIRO report is a relatively straightforward analysis, were there any instructions from the minister or his office to extend the term of the consultancy?

Mr Bowles—No, Senator. In response to a question you asked before about householder initiated inspections in South Australia, 204 is the answer. That is the number of householder initiated inspections, and they have all been done or are in the process of being done.

Senator FISHER—And of those, how many were insulated by unlicensed installers?

Mr Bowles—I would have to take that part on notice. We may not be able to answer that, because we do not necessarily keep it in that sort of order, but we will see what we can do.

Senator FISHER—Well OCBA has all the information. Given that South Australia is the only state that had a system requiring insulators to be licensed and that that was linked to safety requirements, given that Minister Dreyfus says that some 12,000 out of the 38,000 homes insulated under HIP in South Australia were insulated by unlicensed installers in SA terms, given that of the original 155 installers registered under HIP in South Australia and subsequently deregistered some 112 were not licensed as required to be under the SA laws, and given that the 61 plus 15 installers being investigated by South Australia's OCBA were also not licensed as required to be under the South Australian laws, why is the government not simply inspecting every one of the 12,000 or so homes that were insulated in SA by an unlicensed installer?

Mr Bowles—We are looking at the terms and conditions of the Commonwealth program. They have met the terms and conditions of that particular program.

Senator FISHER—The left hand was not talking to the right hand, Mr Bowles—we know that.

CHAIR—Senator Fisher, allow Mr Bowles to answer the question.

Mr Bowles—As you said, there were a number of installs done by unregistered installers—that is correct.

Senator FISHER—Almost one-third.

Mr Bowles—Actually, it is a bit higher now, because the figures you quoted were the figures out of the question on notice. I revised those figures to give you more an up-to-date figure before. All of that said, the terms and conditions of the program in the main have been met. Our approach is one of safety concerns raised through a whole series of things—the type of insulation, where it is, downlights and a whole series of things that we use in targeting who and how we inspect. That is the approach we have used everywhere. We used that approach in South Australia.

Senator FISHER—But South Australia is the only one that had licensing. If you targeted, would you not target those who have breached the state law—the only state that has the laws—because they are more likely to be the ones? Any reasonable person, surely, would conclude that they are more likely than not to be the ones that are cutting the corners and

installing dodgy insulation? Surely that helps you to target your inspections in SA, doesn't it? Why do you need CSIRO or Booz to tell you that?

Mr Bowles—Senator, I have been through this once already today. I have been through a number of times the approach that we have taken to this complex program. We are focused on safety and that has been the focus of the program from the start. We are focusing on safety in South Australia, as we are in every state and territory, and we will continue to do that.

Senator BIRMINGHAM—Mr Bowles, just following on from Senator Troeth's questioning about inspections, where they took place, where the inspector was and whether the inspector flew in, can you be clear as to whether the department knows whether or not inspectors have flown from one state to another to undertake inspections?

Mr Bowles—I personally do not know how they manage their business. We have contracted with PwC, who have subsequently contracted with CSR and UGL to deliver a range of inspections and rectifications. It is up to them. We obviously give them the feeds from our targeting regime, as I have mentioned before. It is up to them how they actually deliver those. In some cases where there are places that are difficult to get to, I would imagine that they would have to fly people. Have they flown them from the east coast to the west coast: I personally do not know. It is not something that we have actually managed.

Senator BIRMINGHAM—Have you heard those suggestions before?

Mr Bowles—I had not heard about east coast to west coast, but—

Senator BIRMINGHAM—Have you heard interstate suggestions before?

Mr Bowles—Yes, there will be, because people move across borders all of the time, particularly around Queensland and northern New South Wales—

Senator BIRMINGHAM—Have you heard suggestions flying interstate suggestions before?

Mr Bowles—Not specifically flying interstate, but I have heard that people have been flown in to do inspections in certain locations.

Mr Comley—Senator, if the question is going to whether the Commonwealth bears additional cost for this practice, what Mr Bowles has been trying to say is that the contract effectively is a contract fee for a total number of inspections. So, if the business chooses to execute that contract by flying people around, there is no additional cost to the Commonwealth associated with that.

Senator BIRMINGHAM—I understand the point, Mr Comley. I am just trying to get to the bottom of whether in fact the practice has occurred. Mr Bowles obviously does not know, because it is twice removed from the Commonwealth, in the explanation he has given. I would have thought that, in terms of whether the Commonwealth got a good deal in its contracting or not, there would be interest at least in just exactly how these inspections were being managed by the parties that had been contracted.

Mr Bowles—You are mistaking what I am saying for a lack of interest and that is not a fair characterisation of what I was saying. We contract for a number of inspections, as Mr Comley

said, and we manage that contract. We have been through this process enough times to know value for money in a contracting sense. That is how we manage the contract.

Senator BIRMINGHAM—Perhaps you could take on notice and at least ask your contractors the question whether the practice of inspectors flying from one state to another to undertake inspections has occurred.

Mr Bowles—I can ask them that, but I question the relevance of that in a contracting sense. If they choose to manage their business in a certain way, I am not necessarily going to say, ‘I’m sorry, you can’t do it that way’, because I am not close enough to their business to tell them how to run their business. These people are doing this on a regular basis.

Senator BIRMINGHAM—I understand your arguments and I note your reservations, but if you could ask, that would be appreciated.

Senator Wong—We will take it on notice, but, for the reasons Mr Bowles has outlined, you may not get the sort of answer you are seeking, Senator. You know that, just as the Liberal Party contracted some firm in WA to check your costings—and I am sure you did not tell them who could drive where and who could fly where—the government contracts for a particular price and goes through the sorts of processes in relation to procurement that I think existed under your government.

Senator BIRMINGHAM—Certainly, Minister, but these programs have not exactly been synonymous with value for money from their origin.

Senator Wong—That is not the point. We have acknowledged the failings in these programs. But you are talking about something different. You are talking about to what extent Mr Bowles or Mr Comley should be managing the contract for the inspections in detail, including who flies where.

Senator BIRMINGHAM—I am not necessarily asking whether Mr Comley or Mr Bowles should be managing that level of detail. But, as to whether the Commonwealth has got good value for money out of its contract, I am interested in some of those details. If Mr Bowles is able to get them then that would be of assistance. The last area is in relation to claims for compensation. Question No. 25, taken on notice, tells me that legal proceedings seeking damages for personal injury have been initiated against the Commonwealth in connection with the Home Insulation Program by one householder and one ceiling inspector. In addition, as at 12 November, the Commonwealth has received approximately 24 other claims for compensation which have yet to be resolved. Have those numbers changed and have any of those claims or actions been resolved?

Mr Bowles—Probably in the first two categories, I am not aware of any others in connection with the householder and the ceiling inspector. I think it is still one apiece. I think there are a few more in that second category. I would have to take it on notice. But I am pretty sure it is more than 24 at this stage. It is not significantly more, but I could not tell you off the top of my head. I can take that on notice.

Senator BIRMINGHAM—So there are no additional cases where legal proceedings have been initiated?

Mr Bowles—No, that is not what I said. I said that there are no more in those first two categories—the householder and the ceiling inspector—as far as I am aware. So there is one apiece, as is in the answer. In the third lot there, where it talks about 24 other claims for compensation—is that right?

Senator BIRMINGHAM—That is right.

Mr Bowles—I believe there are more in that category, but I would have to take it on notice to tell you what they are. This would have been updated as of 12 November.

Senator BIRMINGHAM—Just to be clear on the language used in answering this question, when you are talking about legal proceedings initiated or claims for compensation, are these all instances in which the Commonwealth has been served some notice or some notice has been lodged with courts to initiate proceedings—what is actually the status of these claims against the Commonwealth?

Mr Bowles—They could be varied. This is the total of claims of either legal or other nature that have been given across to the department. They have not necessarily been lodged or anything with any court or the like. They would be managed in the normal course of events within the Commonwealth through Comcover.

Senator BIRMINGHAM—I would assume where it says legal proceedings have been initiated that something has been lodged with the courts. The 24 other claims could be a letter from a lawyer.

Mr Bowles—That is correct.

Senator BIRMINGHAM—If you could provide us with updates and some clarity around the definition of the terms that are being used, that would be most helpful.

Mr Bowles—Effectively what they are is a letter from the lawyers on behalf of their client.

Senator BIRMINGHAM—But the first two are probably beyond that stage.

Mr Bowles—Yes, because the ceiling inspector has filed a workers compensation claim and we are named as one of the people on that particular claim. It is being handled through that other process though.

Senator LUDLAM—Who are the right folks to talk about building codes—particularly BCA six-star codes—and give an answer on some figures that I was provided subsequent to October estimates?

Mr Bowles—Senator, we may not be able to answer that but we can take it on notice.

Senator LUDLAM—We can try. I am referring to question No. 68—actually this dates back to May, so this has been around for a while. I was interested in the potential energy savings that we could get from rolling six-star and higher energy efficiency across the building stock of the country. You undertook to come back and provide to us some construction cost estimates that were then balanced against energy savings over the lifetime of the dwelling. Are you aware of that?

Mr Bowles—We would need to take that on notice. I do not have a copy of the May answer; we would need to take that on notice.

Senator LUDLAM—It was provided quite a while later. I might just provide you with the reference and then come back later in the session once you have it in front of you.

Mr Bowles—We will see if we can find it.

Senator LUDLAM—It is right here; I will provide it for you.

CHAIR—Mr Comley, can I ask about some process issues. The National Partnership Agreement on Energy Efficiency is a COAG document. What role does your department have in that agreement?

Mr Comley—The principal role we have—and Mr Bowles may want to comment—is as chair of a Senior Officials Group on Energy Efficiency that tries to bring together the Commonwealth and all the states and essentially monitors progress against the National Strategy on Energy Efficiency. That is the principal input we have. We also are responsible for, if you like, whole-of-government briefing on matters related to that national partnership agreement.

CHAIR—There is a whole range of outcomes that go to this COAG agreement, assisting households and business to transition to a low-carbon future. I asked a question earlier about clean business, and that is under AusIndustry in another department. Then you have the Clean Energy Initiative, which is under Resources, Energy and Tourism. How do they manage all these different energy efficiency programs? I was confused about who was actually handling them, so how can an ordinary punter out there understand where we are going with this?

Mr Comley—We have sympathy. Essentially we have overarching responsibility for energy efficiency policy. There are a number of delivery arms that sit throughout the Commonwealth. The formation of the Department of Climate Change and Energy Efficiency removed one of those separations because it brought the Home Insulation Program and a range of other energy efficiency programs together. But it is still the case that the industry department and Resources, Energy and Tourism, principally, do have their own programs, because in that machinery of government change we did not fully take ownership of industrial energy efficiency and some business energy efficiency. So we try to coordinate at the Commonwealth level and we provide the principal interface between the Commonwealth and the states. But it is true that there is still more than one portal to the energy efficiency space in the Commonwealth.

CHAIR—Senator Ludlam asked earlier about transport efficiencies. What is the balance between what you can achieve in transport efficiencies and what you can achieve in efficient business operations on climate change and energy efficiency?

Mr Comley—That question of where Australia should direct its effort is appropriately within the Department of Climate Change and Energy Efficiency. When we get to the point of asking how you give effect to that, then we would have to work in partnership with the relevant department—for example, in that case, the transport department; or it might be on the delivery arms in the industry department or Resources, Energy and Tourism. There we may have a view about the best place to explore opportunities but we then have to work in partnership with those other departments.

CHAIR—And is it your job then to take that back through the minister to COAG and the Prime Minister?

Mr Comley—It depends on the nature of the agreement—the nature of the policy you are talking about. We have to be a little careful here. In the sense that you set up a department of climate change you can look at things through a climate change lens. Many other things have other co-benefits and other examples. So really it is horses for courses as to what is the most appropriate ministerial council to take that through if it is a Commonwealth-state issue.

CHAIR—And making buildings more energy efficient—where does that land?

Mr Comley—The current arrangements are in some flux. In the previous parliamentary term there were working groups set up under COAG. In that case that was driven by Minister Wong, who was the chair. Sometimes that can be done through other ministries. So those COAG arrangements are in flux. There is still consideration of the architecture of COAG happening within government, because there has always been a desire to rationalise the number of COAG bodies. So then that will be resolved in the rationalisation of COAG bodies.

CHAIR—Does each state have an equivalent to your department?

Mr Comley—Not every state. Some have environment departments, others have climate change areas, others have energy and climate change—there is a mixture. And that is in fact one of the challenges of putting together an appropriate ministerial council or governance body, because there is not a one-to-one analogue across the various states. And that is why last parliamentary term the COAG working groups had representations from central agencies as well as line departments dealing with climate change matters. That was partly to try to get whole-of-government coordination within the states.

CHAIR—I am just wondering—given the complexity of dealing with COAG, other departments within the Commonwealth and the states—whether there is an approach being looked at to try to pull it together.

Mr Comley—There is. To be honest, though, it is a challenging task because of those complexities to try to have whole-of-government coordination. The government has produced climate change budget statements from time to time and they try to pull all the programs together and give an overall sense of what the activity on climate change is. Every time you look at one of those statements you are struck by the absolute breadth of programs involved. That is just at the Commonwealth level. I think that earlier today reference was made to the Wilkins review of all the programs, which showed a breathtaking range of programs at Commonwealth and state level. So we do try to coordinate that but I am not pretending that it is an easy job or that we have necessarily nailed that completely.

CHAIR—And COAG are continuing to work on that?

Mr Comley—COAG are but, as I said, the arrangements for COAG are somewhat in flux. At the moment we still chair a body called the Senior Officials Group on Energy Efficiency. That, in fact, has a stocktake of all the energy efficiency measures that have been committed to under the National Strategy for Energy Efficiency and tries to monitor progress against those milestones. That is probably the key officials-level group that tries to see how we are tracking with these various energy efficiency initiatives.

CHAIR—I note there was some commentary about the range of programs out there and the cost to the community generally of those programs, and that a carbon price, if it was implemented, would be a much more efficient and effective way than some of these programs. Is there duplication in programs that you have come across between state and federal?

Mr Comley—There is unquestionably some duplication. Again, the Wilkins review did a fairly comprehensive review of this, which is now on the public record. One of the issues, though, in terms of phasing is that whilst a carbon price will make some of those programs redundant, states have expressed the view in the past that they are reluctant to abolish them until such time as they actually see a carbon price. So there is a bit of a chicken and egg here. The idea put forward by some that you would do a significant clean-up of these programs in advance of a carbon price is something that, at least in my discussion with the states and territories and some stakeholders, has very little traction until they sort of see the colour of the policy.

CHAIR—So it is a pretty complex job to pull it all together?

Mr Comley—It is very complex and it is something that, in terms of sequencing of resources, there is some benefit from. Many states are mindful of the need to clean up inefficient programs. But there are a lot out there. It will just take some time.

CHAIR—What programs, in terms of energy efficiency, does your department deal with directly? I have mentioned two programs—clean business and clean energy—and you do not deal with either of those big, important programs. I am just a bit worried that there should be some overarching approach there.

Mr Comley—Mr Bailey might want to comment, but an example of where we have regulatory responsibility is the minimum energy efficiency standards for appliances. So legislation—

CHAIR—Is that the sticker?

Mr Comley—It is a combination of the sticker, which is almost trying to pull it up, and getting rid of the bottom end of appliance distribution so that you effectively get the very inefficient appliances regulated out of the market. Then the stickers are information to try to take people up to the top end of the spectrum, and then you have to define standards. So effectively the star ratings evolve over time. That is an example of an energy efficiency program that sits within the department.

Mr Bailey—In addition to those comments that Mr Comley made about appliances, the department is also quite active in the area of commercial building energy efficiency and has a range of measures and activities relating to energy efficiency disclosure. That is an activity that comes out of the COAG National Strategy on Energy Efficiency. Late last year a disclosure regime came into force relating to buildings that are being sold or leased and the declaration of energy efficiency of those buildings.

CHAIR—I notice that in the UK, and I would say in Europe generally, there are standards for glass on buildings. Do we have national standards for glass in terms of energy efficiency?

Mr Bailey—I am not sure whether we have standards with respect to glass, but these disclosure standards that are being introduced now relate to the overall efficiency of the building rather than any one building component.

Mr Comley—In terms of the building standards legislation that is coming through, at the moment it focuses just on appliances that use electricity but there is a legislative framework that is intended to be extended to things like glass so that we actually have a national framework for both electricity-using items and other items that have a climate change emissions reduction benefit.

CHAIR—A building friend of mine says it is cheaper to put glass in than it is to build a double-insulated brick wall. So you have houses facing west with masses of glass. This really is a design standards issue. Is that being dealt with anywhere?

Mr Comley—Mr Bailey may correct me but I believe that that goes down to state planning regulations as to what you can do. It also comes, I think, to the issue that Senator Ludlam has raised as to whether you would mandate certain star ratings of buildings. Star ratings include things like the orientation of the house, how much solar access it has et cetera.

Senator LUDLAM—The figures that you provided to us had a bit of editorial around them. They came back with the answer that the RIS noted that the cost estimates are conservative—they are not low or least cost but they are at least what was modelled over that period. To me they look a bit dodgy, if I can put it that way, for reasons similar to those the Chair was just outlining. They do not include things like orientation, design material selection and so on. So when can we expect these fairly basic things to be included in minimum standards?

Mr Bowles—Senator, I am not an expert by any stretch of the imagination on these things. I am happy to go away and try to answer your questions on notice, but these were the figures used in the RIS at the time. I do not think I would quite characterise them as dodgy. They were the best available at a particular point in time to develop those costings.

Senator LUDLAM—Okay. But the department or whoever has returned this answer has still seen it as necessary—and I appreciate that they did that—to point out that these estimates are conservative: that they are not low cost or least cost by any means, because so much is left out. So it feels like there is still—

Senator Wong—Senator, that is not an unusual caveat, because in the assessment of the impost or the cost of a particular measure obviously there are limitations on what you can factor in in terms of how people's behaviour may change. So when RISs are done—and obviously in Finance a lot of this comes to us—there are assumptions that have to be made and these sorts of caveats are not particularly unusual. I am not trying to obfuscate; I am just explaining to you that someone has to make a judgement about what their base assumptions are for a cost analysis.

Senator LUDLAM—Okay. What I think we specifically asked for was the net impact of going from five star to six star, and they looked at a couple of different—

Senator Wong—Sorry, the net impact?

Senator LUDLAM—Yes, the net impact of the five-star to six-star changes. What those tables are telling us is how much it costs to install and what you get back over the lifetime of the building. What was the lifetime of the dwelling in the case of this study?

Mr Bowles—We would need to take that on notice, Senator. I do not know and it is not evident from reading this, but—

Senator LUDLAM—No, it is not. So, if we are going to go back and take a look at that, I am interested to know what the lifetime of the dwellings were and whether discounting has been used to discount future benefits or not.

Mr Comley—Just looking at the answer, there is a link to the actual RIS. I am not sure what more we can do. We will just be going to that regulatory impact statement, which will have that information in it.

Senator LUDLAM—Sometimes these things are the size of phone books and mostly written in maths. I will go back and have a look.

Mr Comley—So they are clear. They are not obfuscating with those nasty words.

Senator LUDLAM—Now we are getting to the bottom of it—obfuscation with words. I guess the reason that I have picked this up and wanted to draw your attention to it is that there was work done for the Commonwealth I think in 2003-04. It was early work that was done for the Ministerial Council on Energy. It said that, by installing energy efficiency techniques and technologies with an eight-year payback, you could actually get 60 or 70 per cent reductions in energy in residential dwellings. It has been a while since that work was done, but that does not really seem to square. In this case you could just take an economically rational point of view and say: 'Let's just not bother. It's actually not worth going from five to six stars because we'll never recoup our money'.

Mr Comley—That 60 or 70 per cent seems really very high. My recollection of the cost, which is what is here, is the cost-benefit analysis from five- to six-star was location-specific. It was not a clear-cut case—at least in straight economics, before you go to the shadow carbon price or some other valuation of the environment. That 60 or 70 per cent seems like a very high estimate to me.

Senator LUDLAM—What you could maybe help us pull out, then, is what the estimated lifetime dwelling was for that study and whether discounting was used to basically eliminate or discount future benefit, because that is not clear to me on my reading.

Mr Comley—We can check on that, but I would be very surprised and it would be highly unusual not to discount the benefits, because they occur at a different time to the capital costs.

Senator LUDLAM—And that is how we are managing to not pick up the benefits of energy efficiency, because we assume a power bill avoided in 10 years' time is worth nothing.

Senator Wong—It is not worth nothing.

Mr Comley—No, not nothing, just—

Senator LUDLAM—Well, a worth approaching nothing, depending on how far—

Mr Comley—A dollar today is not the same as a dollar tomorrow.

Senator LUDLAM—No, and that is why we have not bothered to retrofit our housing stock and we are still paying high energy bills, because economists tell us: ‘Don’t bother doing it now. It’s not rational; it’s not worth it’.

Mr Comley—But, at the risk of being slightly flippant: would you like to give me \$100 and I will give it back to you in 10 years’ time? You are not indifferent about when you get the \$100.

Senator LUDLAM—I am not indifferent, but what if we found some way of capturing that. This is a very old issue and we are not going to solve it in an estimates committee hearing. But it means we are continually turning our backs on energy efficiency. I believe that study done for the Commonwealth predicted that, on eight-year paybacks, by which time you have discounted the future benefits substantially, we could eliminate energy bills, or 70 per cent of our energy bills. And we have economists telling us not to bother, because of exactly that conundrum that you just put to us. On the reading of these figures—and I have had these figures quoted back to me—you would say, ‘Why would we bother going from five- to six-star?’. There are really sound reasons for doing that. But, if you discount the future benefits, they do not show up in the table.

Senator Wong—Someone has to pay for it, Senator—that is the whole thing. It manifests as additional cost, so the judgement is obviously whether the benefit outweighs the cost.

Senator LUDLAM—Yes, and that is why we undergo schemes like the home insulation one, where we say, ‘Actually, in theory’—it was not in this instance—‘it’s worth insulating people’s homes and giving them a leg-up, otherwise no-one is ever going to afford to capture those future benefits’. Anyway, I will leave it there. Obviously, we are not going to solve this one tonight. But, if it is possible for you to pull out for us how much the future benefits were discounted at least, that would be helpful.

Mr Comley—Sure.

Senator BIRMINGHAM—Speaking of schemes of questionable benefit, can I go quickly to Green Loans and, of course, Green Start, which never quite started. Mr Hyland, your General Counsel wrote to a person or persons on 25 January in relation to claims that had been made under the Scheme for Compensation for Detriment caused by Defective Administration—the CDDA scheme; an appropriately named one in this case—and stated that, as a result of the Commonwealth establishing or announcing the financial assistance measures that it announced when closing off Green Start and Green Loans, the CDDA scheme claims would be discontinued. Can you tell me who made that decision?

Mr Bowles—With the introduction of a scheme like the Financial Assistance Scheme under the Green Loans program, as soon as you establish the scheme, there is something that is available to be used under that particular program, therefore you basically do not have a CDDA claim. CDDA claims are a last-resort option that people can use. What the government has decided to do in this case is establish a financial assistance scheme. Anybody who fits the conditions or guidelines of the Financial Assistance Scheme can apply and be assisted under the scheme.

Senator BIRMINGHAM—So, if you think the compensation available to you under the Financial Assistance Scheme is inadequate, there is no capacity to make a CDDA application above and beyond that?

Mr Bowles—That is correct. To even get to a CDDA claim it means that there is no legal claim on the department. So there is no legal right to anything. A CDDA claim is one where you have no legal ability or no other mechanism for getting redress; you can apply for a CDDA claim. As I said, the government decided in this case to provide a scheme, called the Financial Assistance Scheme under the Green Loans arrangement, for uncontracted assessors. Therefore, they have a clear way in and a clear understanding of what they get for that.

Senator BIRMINGHAM—And the government has clear advice that the establishment of the Financial Assistance Scheme negates the prospect of any successful claim under CDDA?

Mr Bowles—Yes, Senator. As I said, CDDA is a scheme that is a last resort. If you want to boil it down, it is a moral issue. We just went down that particular pathway. The government decided that it would be more appropriate to look at a financial assistance scheme.

Senator BIRMINGHAM—Was there a specific decision taken at that time of launching the Financial Assistance Scheme that all claims against CDDA would therefore be discontinued?

Mr Bowles—That is correct.

Senator BIRMINGHAM—Who took that decision?

Mr Bowles—I suppose that ultimately government takes those decisions but on the advice of the department. Once you have another avenue for redress, CDDA does not apply. And there is a form of redress under the Financial Assistance Scheme.

Mr Comley—To put it another way, the consequence of having a financial assistance scheme is that CDDA becomes defunct and not available. That consideration is one of the issues that was taken into account when advice was provided on establishing the scheme.

Senator BIRMINGHAM—I assume that the establishment of the Financial Assistance Scheme was signed off by cabinet.

Mr Bowles—Yes, without going into detail.

Senator BIRMINGHAM—That is not an unusual question—that is, whether it was signed off by cabinet.

Mr Bowles—No.

Senator BIRMINGHAM—In signing off, cabinet was advised that this would extinguish all CDDA claims?

Senator Wong—That is going to advice to cabinet.

Mr Comley—Yes. The point is that the consequences—

Senator BIRMINGHAM—The Department of Finance circular in relation to the operation of CDDA says that it operates on the basis of authority provided to individual portfolio ministers, but then it has an approval process for a minister to give authority to an agency official or otherwise. My question is: who made the decision that the CDDA scheme

would be discontinued? Was it made by the cabinet or the minister or had the minister delegated authority to—

Mr Comley—I think what Mr Bowles was trying to explain was that in a sense it is not an explicit decision. Once the scheme was put in place, recourse to a CDDA claim ceased. The decision was made by government to put the scheme in place, with the consequence that CDDA was no longer available.

Senator Wong—CDDA is like the last recourse.

Senator BIRMINGHAM—And there is absolutely no capacity, for somebody who feels that whatever compensation mechanism the government has put in place of an alternative nature is inadequate, to still pursue CDDA?

Mr Bowles—That is correct; absolutely none.

Senator BIRMINGHAM—Has the number of approximately 200 claims that the department had on 12 November in relation to compensation for Green Loans increased? Is it the department's opinion that all of those claims are now dealt with under the financial assistance scheme, or are there still outstanding claims?

Mr Bowles—Anyone who has applied for CDDA would have got a letter similar to what you referred to advising them of the scheme, along with anybody else who fits the guidelines for the financial assistance scheme. The program itself is open, I think—correct me if I am wrong—from 1 March to 2 May, and all claims will be assessed after that.

Senator BIRMINGHAM—Are there legal claims above and beyond those that may be covered by the financial assistance scheme against the Commonwealth in relation to Green Loans or Green Start?

Ms Rankin—Yes, there are some additional claims on top of those covered by the financial assistance scheme.

Senator BIRMINGHAM—Do you know how many?

Ms Rankin—In the order of 30.

Senator BIRMINGHAM—So most have been extinguished or will be covered, in your opinion—

Mr Bowles—Just to be clear, there are around 30 legal claims—that is, people who believe they have a legal claim on the department, as opposed to a CDDA claim. Basically a CDDA claim, as I said before, can only be lodged as a last resort when there is no legal responsibility.

Senator BIRMINGHAM—The 200 figure I referred to comes from answer to question on notice No. 26, and that answer does not mention CDDA. Are you telling me that the overwhelming majority of those were CDDA claims specifically?

Mr Bowles—That is correct.

Senator BIRMINGHAM—That is all on Green Loans. What is the problem with the solar rebate scheme and payments at present? Why do so many appear to be in backlog?

Mr Bowles—There are a range of issues in the rebate scheme in the transfer from IT systems from the old DEWHA system into the new DCCEE system, and a series of claims

that we are behind on, though we have a process in place at the moment to try and get up to speed by the middle of March.

Senator BIRMINGHAM—How large is the backlog?

Mr Bowles—I am not sure.

Ms Rankin—We have about 8,000 claims that are over eight weeks, which is the standard processing time.

Senator BIRMINGHAM—Around 8,000 that are over eight weeks—how far does that go back?

Ms Rankin—It is hard to tell at the moment, because as part of the transition from the IT system from DEWHA, or SEWPaC, into DCCEE a number of claims have been discovered that we were not previously aware of. We are currently going through a forensic exercise to identify each of those and its current status.

Senator BIRMINGHAM—The change in administrative arrangements occurred quite some time ago now. Why has this problem only come about in the last few months?

Ms Rankin—The IT system to build the system to allow the rebate-processing arrangements to transfer over to DCCEE was not really put in place until around September or October last year. The transition was supposed to have happened by December, but there have been some delays in that. There was a progressive range of new IT systems that had to be put in place for a range of programs that were brought over as part of the machinery-of-government changes. This one just happened to be later on in the process.

Senator BIRMINGHAM—So these claims are all pretty much up to \$1,000 or close to it?

Ms Rankin—They would be \$1,000 or \$1,600 if they were under the old scheme.

Senator BIRMINGHAM—And how quickly do you expect it to be rectified?

Ms Rankin—As Mr Bowles said, we have all the resources in place to try and get it cleared by the middle of March.

Senator BIRMINGHAM—By the middle of March. This is a little reminiscent of when we ended up with a huge backlog of claims and payments from the Home Insulation Program at one stage. I would have thought the department would be acutely aware of trying to ensure that these eight-week time lines are actually met.

CHAIR—Senator Birmingham, can I just indicate that we have 25 minutes. We have another three areas to deal with, so I intend moving from this fairly quickly. We have had a good run at it, I must say.

Senator BIRMINGHAM—If Mr Bowles can respond, that may well be it.

Mr Bowles—They are fundamentally different programs. In the Home Insulation Program we were dealing with 1.2 million payments. We are not dealing with those. There are fundamentally different issues in relation to both programs. This one is about a transfer from an IT system in one department to another which took time to develop. Machinery-of-government changes happen quite rapidly. IT system development does not always fit that

time frame. That is the issue we are dealing with on the solar rebates. As we have said, we are endeavouring to have that within the normal time frame by the middle of March.

Senator BIRMINGHAM—Why wouldn't or couldn't you have maintained the old IT system until such time as you had a new one that was going to operate effectively?

Mr Bowles—There are a range of issues about managing on an old platform when we are in a new paradigm, and that is what we have been trying to manage. From my perspective it is not a good look for us—I accept that—and that is why we have a rectification process in place to make sure we can get them up to speed by the middle of March.

Senator FISHER—Was the department consulted by the government prior to the election in the development of its cash-for-clunkers policy?

Mr Comley—Senator, I believe there is a question on notice that goes to this where we have answered that we were not consulted.

Senator FISHER—What about after the election—were you consulted?

Mr Comley—Yes, because after the election it was an election commitment to be implemented. We provided briefing in the incoming government brief and then we looked to see how the Cleaner Car Rebate could be put into practice. This may go to later questions, but then later the program was transferred to the Industry department to administer.

Senator FISHER—Are you able to say whether your advice supported the policy or recommended that it be scrapped?

Mr Comley—I think that goes to advice to government.

Senator FISHER—Would you recommend it as an effective abatement measure?

Mr Comley—I think this goes to a policy question. Clearly, I think, the likely cost per tonne of abatement of a program such as the Cleaner Car Rebate is relatively high compared with a lot of other abatement programs.

Senator FISHER—Did you actually advise the government on the cost per tonne? What would the cost per tonne have been were it implemented?

Mr Comley—We would have provided advice on the cost per tonne, but I do not have the number off the top of my head.

Senator FISHER—Can you provide that on notice—

Mr Comley—I will take that on notice.

Senator FISHER—in terms of the taxpayer bang for the buck?

Mr Comley—My only caveat is that until you get to the specific design details of a program it can be a little difficult to work out exactly what the cost per tonne of abatement is, because you have to look at the precise way it would be implemented.

Senator FISHER—You must be able to rate it alongside other so-called carbon abatement measures that the government has implemented.

Mr Comley—The difference, of course, is between an implemented measure and one that has not been implemented, because until you get to the design details of the implementation

you do not know how targeted it is in terms of the expected abatement versus the cost. That is the point I am making.

Senator FISHER—Yes, I hear you. But you will do your best nonetheless.

Mr Comley—We will take that on notice.

Senator FISHER—Were there any costs in getting cash for clunkers to the point immediately prior to it being scrapped?

Senator Wong—You need to address that to Industry, Senator. It is not a program for which this department had responsibility at the time the decision was made not to proceed with it.

Senator FISHER—Prior to the program moving from this department to Industry, were there any costs incurred in the program?

Mr Comley—They were very small. A staff member looked into it and was doing liaison with people like the Industry department. We were already looking at using AusIndustry as the delivery mechanism. So they were very, very modest, because the transfer happened quite early because it was obvious that there was a synergy between AusIndustry and the Industry department as the appropriate delivery portfolio.

[5.40 pm]

CHAIR—We will move to 1.3.

Senator TROETH—My question is about the proposed citizens assembly, which was announced before the election. Was the department consulted on the citizens assembly proposal?

Mr Comley—No.

Senator TROETH—Did the department give any advice in relation to the proposed assembly following the election?

Mr Comley—Yes.

Senator TROETH—Is that available?

Mr Comley—Somebody just gave me the incoming government brief that has been publicly released and redacted. There was some information there about the citizens assembly.

Senator TROETH—I see. Will we will be able to access that?

Mr Comley—Yes, that is available on our website.

Senator TROETH—Did you advise at any time that the citizens assembly be scrapped?

Mr Comley—I think that goes to the nature of our advice to government on the citizens assembly.

Senator TROETH—In any event, it was not proceeded with. Thank you.

[5.42 pm]

CHAIR—We will move to 1.4.

Senator BIRMINGHAM—Mr Comley, can I go to the incoming government brief that you referred to, at page 17. You outline some dot points on what we want from the rest of the world. Are those points currently still achievable?

CHAIR—What page are you on?

Senator BIRMINGHAM—Page 17.

Mr Comley—They are not impossible.

Senator BIRMINGHAM—Not impossible?

Mr Comley—No.

Senator BIRMINGHAM—Are they likely?

Mr Comley—There is a fair bit of water that is going to flow under the bridge before 2020, which is what most of these commitments are relating to. So, whilst current international commitments would not, I suspect, be consistent with these dot points, it is not impossible that the world could move in that direction.

Senator BIRMINGHAM—How far out are current commitments?

Mr Comley—It depends which—

Senator BIRMINGHAM—We can start with the first dot point, which is a more specific one, perhaps.

Mr Comley—I think that current commitments would not have peaking of emissions by 2020. In terms of the reductions in aggregate developed country emissions of 20 to 40 per cent below, we are not currently on track for that. A major consideration in that is the US, because they have a 17 per cent emission reduction from 2005 levels. They are obviously a very large chunk of developed country emissions. As to significant slowing in emissions growth by major developing countries in the near term, probably there has been a fair bit of progress there. As to ambitious mitigation action by China and the US, again, it depends a little bit on where you put the definition of 'ambitious'. But China, as we have talked about before, is certainly taking very significant actions in its economy to reduce emissions. The US have a 17 per cent target, which they are still committed to at the executive level. They have had some significant difficulties, obviously, in prosecuting cap-and-trade. But there is still quite a commitment on the part of the executive to pursue regulatory measures.

Senator BIRMINGHAM—Is the department able to quantify at all, from current commitments as a result of the Copenhagen accord, what the reduction in aggregate developed country emissions by 2020 would be? Do you have those—

Mr Comley—We have not done an estimate of that. Other organisations have done such estimates. We have not done a precise estimate of the current commitments of both the high and low Copenhagen accord commitments.

Senator BIRMINGHAM—Has there been any improvement as a result of what happened in Cancun in terms of meeting these targets? Your incoming government brief states that there is an expectation of falling short. Was there an improvement subsequent to this document being prepared?

Mr Comley—What is very significant out of Cancun is not so much the mitigation commitments; that was not the advance that was made in terms of the actual offers on the table at Cancun. What was significant was that those commitments that were made under the Copenhagen accord were brought within the UN system. That is quite important in terms of the future architecture, but it did not increase the level of pledges associated with countries from Copenhagen. There were a number of very significant things at Cancun, but one of the very important things from Cancun was that there was progress on the transparency of international action—work on monitoring, reporting and verification in the case of developing countries and what is referred to international consultation analysis. That was significant and that provides some momentum into the international system. But, in terms of specific pledges, there was not significant progress in Cancun other than incorporating those pledges within the UN framework, which is quite significant.

Senator BIRMINGHAM—We have gone through previously some of the different working groups that the department participates in and that Australia is a part of. Has that body of work narrowed or expanded or is it pretty much still the same in terms of the number of working groups in different—

Mr Comley—Internationally?

Senator BIRMINGHAM—Internationally.

Mr Comley—It depends when you are starting from, but essentially over the last 12 months it is broadly the same. In fact, I cannot think of a significant thing that has been added. It depends where you think of the Cartagena group as starting from. The Cartagena group was established early last year. Australia is a member of the Cartagena group, which I can see the ambassador is bursting out of her skin to talk about. Essentially, the Cartagena group takes quite a broad suite of countries, both developed and developing. That has been quite an influential group. That was quite significant in Cancun, because it includes both Africans and Latin Americans plus some developed countries which add, if you like, a moderate voice into the negotiations. But all of the other working groups and fora are essentially the same as they have been previously.

Senator BIRMINGHAM—I am happy to leave it there.

CHAIR—As long as Ms Hand is not bursting out of her skin to add to this, we will call it quits.

Proceedings suspended from 5.48 pm to 7.00 pm

**SUSTAINABILITY, ENVIRONMENT, WATER, POPULATION AND
COMMUNITIES PORTFOLIO****In Attendance**

Senator Farrell, Parliamentary Secretary for Sustainability and Urban Water

Senator Conroy, Minister for Broadband, Communications and the Digital Economy, Deputy Leader of the Government in the Senate and Minister Assisting the Prime Minister on Digital Productivity

Department of Sustainability, Environment, Water, Population and Communities**Executive**

Dr Paul Grimes, Acting Secretary

Ms Kimberley Dripps, Deputy Secretary

Dr David Parker, Deputy Secretary

Mr Mark Tucker, Deputy Secretary

Mr Malcolm Thompson, Deputy Secretary

Approvals and Wildlife Division

Mr Peter Burnett, 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 Approaches and Species Management Branch

Ms Vicki Middleton, Assistant Secretary, EPBC Taskforce

Ms Barbara Jones, Assistant Secretary, Environment Assessment Branch 1

Ms Mary Colreavy, Assistant Secretary, Environment Assessment Branch 2

Ms Michelle Wicks, Assistant Secretary, Environment Assessment Branch 3

Ms Rose Webb, Assistant Secretary, Compliance and Enforcement Branch

Australian Antarctic Division

Ms Lyn Maddock, Director

Dr Rob Wooding, General Manager, Support Centre

Dr John Gunn, Chief Scientist

Mr Matthew Sutton, Finance Manager

Australian Government Land and Coasts

Mr Mark Flanigan, First Assistant Secretary

Ms Kelly Buchanan, Acting Assistant Secretary, Biodiversity and Conservation Branch

Mr Bruce Edwards, Assistant Secretary, Indigenous Policy Branch

Dr Paul Salmond, Assistant Secretary, Policy and People Branch

Ms Claire Howlett, Assistant Secretary, Finance and Aquatic Partnerships Branch

Business Improvement Division

Ms Catherine Skippington, First Assistant Secretary

Mr Aaron Hughes, Assistant Secretary, Governance Branch

Corporate Strategies Division

Mr Arthur Diakos, First Assistant Secretary

Environment Quality Division

Dr Diana Wright, First Assistant Secretary

Heritage Division

Dr Greg Terrill, First Assistant Secretary

Mr Paul Murphy, Assistant Secretary, Natural and Indigenous Heritage Branch

Mr Mark Nizette, Acting Assistant Secretary, International Heritage and Policy Branch

Housing Supply and Affordability Division

Mr James Shevlin, First Assistant Secretary

Ms Susan Finnigan, Assistant Secretary, National Rental Affordability Scheme Branch

Ms Mary Wiley-Smith, Assistant Secretary, Housing Supply and Affordability Branch

Information Management Division

Dr John Gunn, First Assistant Secretary

Mr Geoff Richardson, Assistant Secretary, Environment Research and Information Branch

Mr Al Blake, Chief Information Officer

Marine Division

Mr Stephen Oxley, First Assistant Secretary

Ms Lara Musgrave, Assistant Secretary, Tropical Marine Conservation Branch

Ms Christine Schweizer, Assistant Secretary, Marine Initiatives Branch

Mr Charlton Clark, Assistant Secretary, Temperate Marine Conservation Branch

Mr Nigel Routh, Assistant Secretary, Marine Biodiversity Policy Branch

Parks Australia Division

Mr Peter Cochrane, Director of National Parks

Policy and Communications Division

Mr Andrew McNee, Acting First Assistant Secretary

Ms Rachel Parry, Assistant Secretary, Communications and Ministerial Services Branch

Mr Anthony McGregor, Acting Assistant Secretary, Strategic Advice Branch

Supervising Scientist Division

Mr Alan Hughes, Supervising Scientist

Sustainable Population Taskforce

Mr Sean Sullivan, First Assistant Secretary

Mr James Tregurtha, Acting Assistant Secretary

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 Steve Costello, Assistant Secretary, Urban Water Security Branch

Mr Mark Kwiatkowski, Assistant Secretary, Project Management and Governance Branch

Mr Graeme Marshall, Assistant Secretary, Water Efficiency Labelling and Standards Branch

Water Reform Division

Mr Tony Slatyer, First Assistant Secretary

Ms Kerry Smith, Assistant Secretary, Water Policy Branch

Mr Aidan Dagleish, Assistant Secretary, National Water Market Systems Branch

Ms Tanja Cvijanovic, Assistant Secretary, Aquatic Systems Health Branch

Mr Tim Fisher, Acting Assistant Secretary, Water Resources 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

Dr Neville Smith, Deputy Director, Research and Systems

Mr Trevor Plowman, Chief Financial Officer

Great Barrier Reef Marine Park Authority

Dr Russell Reichelt, Chairman

Mr Bruce Elliot, General Manager, Corporate Services

Ms Margaret Johnson, General Manager, Communication and Policy Coordination

Mr Peter McGinnity, General Manager, Environment and Sustainability

Mr Andrew Skeat, General Manager, Marine Park Management

Murray Darling Basin Authority

Mr Rob Freeman, Chief Executive

Dr Fraser MacLeod, Executive Director, Basin Plan

Ms Liz Dann, Executive Director, Special Projects

Ms Jody Swirepik, Executive Director, Natural Resource Management

Mr Frank Nicholas, Executive Director, Corporate Services

Mr Geoff Habersfeld, Executive Director, Engagement, Secretariat and Communications

Mr David Dreverman, Executive Director, River Murray

National Water Commission

Mr James Cameron, Acting Chief Executive Officer

Ms Kerry Olsson, Acting Deputy Chief Executive Officer

Mr Matt Kendall, General Manager, Sustainable Water Management Group

Sydney Harbour Federation Trust

Mr Geoff Bailey, Executive Director

[7.01 pm]

CHAIR (Senator Cameron)—The committee will now begin its examination of the Sustainability, Environment, Water, Population and Communities portfolio. The committee has set Friday, 8 April 2011, 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 and which I now incorporate in *Hansard*.

The document 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:
 - (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—Before commencing proceedings, a short housekeeping notice: The committee has agreed that the order in which outcomes 5 and 7, Heritage, and outcome 6, Housing, in the portfolio scheduled to appear this evening is to be swapped, with heritage being called last. That is the SEWPaC portfolio.

I welcome Senator the Hon. Don Farrell, Parliamentary Secretary for Sustainability and Urban Water representing the Minister for Sustainability, Environment, Water, Population, Communities, the Hon. Tony Burke MP, and portfolio officers. Minister, would you like to make an opening statement?

Senator Farrell—Thank you, but no.

CHAIR—Dr Grimes?

Dr Grimes—No, Chair, I do not have an opening statement.

CHAIR—I will call agencies in accordance with the circulated program and now invite general questions of the department.

[7.03 pm]

Department of Sustainability, Environment, Water, Population and Communities

Senator IAN MACDONALD—We were asking the department of climate change about the government's new Climate Commission. I wonder if you could tell me what, if any, role this department plays in relation to the Climate Commission?

Dr Grimes—We have a general role in providing policy advice to our minister in relation to climate change matters in general. Obviously, our minister, given that he has responsibility for matters relating to the environment, is particularly interested in these matters, so we do provide policy advice. Our Bureau of Meteorology, which is in the portfolio but not part of the department, has quite a role to play on climate related matters. I cannot speak for the bureau on the involvement that it might have in the Climate Commission, but that is a broad outline of our involvement in climate related matters. I will see whether any of the officers here have anything more specific to add to the information that I have provided. I do not think we have any further more specific involvement than that, Senator.

Senator IAN MACDONALD—I understand from this morning that the department of climate change is providing the secretariat. Does your minister have any sort of role within the commission, or does the commission report to him or just to the climate change minister?

Dr Grimes—Not that I am aware of, Senator, but it may be that there is some involvement there that I am not immediately aware of. But I am not aware of the specific role that our minister has. If there is anything that I need to add to that answer, I will certainly provide that to you this evening.

Senator IAN MACDONALD—I take that. I am not asking you what advice, but I take it from what you say that you did not provide any advice to your minister in relation to the setting up of the Climate Commission?

Dr Grimes—My response was in relation to the Climate Commission itself. My understanding, Senator, is that you are asking about the involvement in the ongoing

operations of the Climate Commission. I have indicated that I was not aware of any particular specific thing. In relation to policy matters relating to climate change, clearly our minister, as a cabinet minister, has interest in these matters. They are matters on which we provide advice to the minister.

Senator IAN MACDONALD—I am not asking you what advice, but did you provide your minister with advice in relation to the setting up of the Climate Commission?

Dr Grimes—Only in the context of any cabinet considerations, Senator. If your question is: have we provided advice into the specific operational arrangements of the commission, I am not aware of us providing advice in that context.

Senator IAN MACDONALD—That is what I am trying to get at. You had no input into the terms of reference, the personnel, the scientific panel—none of that?

Dr Grimes—Not that I am aware of, Senator. But if any of my colleagues this evening have anything to add to my answer, we will certainly provide that information.

Senator IAN MACDONALD—If you had, you would be aware of it, or your colleagues would. I understand what you say in relation to the cabinet papers. You provide advice on every aspect to your minister. But I was not meaning that.

Dr Grimes—No. The only reason why I am being careful is that you have asked the question in a very broad sense. I can only answer for the things that I know directly about. We have obviously got officers listening to this hearing. If there is anything more specific that we can provide you with, we will provide that information. But I am not aware of us having more specific involvement.

Senator IAN MACDONALD—The criticism, should there be any, of the Climate Commission is not properly laid at your door but the door of the department of climate change, should, of course, there be any criticism. That is my point. Again, we have been through this in past estimates. Again, as a general issue, can you just remind me now what your role is in relation to climate change, greenhouse gas emissions, greenhouse abatement and all those sort of things? Does this department still have any leadership role in that, or has it all now gone to the department of climate change?

Dr Grimes—I will invite Mr Thompson, who is the relevant deputy secretary with responsibility for this area, to provide you with some further information.

Mr Thompson—Senators, as the secretary has already said, we provide advice to our minister in relation to general climate change matters. The energy efficiency functions, which were part of the former department, were transferred across to the Department of Climate Change and Energy Efficiency in March 2010. Beyond that, most of our engagement on climate change matters—and I am leaving aside here the Bureau of Meteorology, which, as the secretary mentioned already, has a significant research and analytical role in relation to climate change—most of the department's interests are in the area of climate change adaptation. So adaptation in the natural environment, be it oceans or some of the operational areas, like the Great Barrier Reef Marine Park Authority, national parks and in policy areas in covering biodiversity on land or in other places, is mainly focused on adaptation.

Senator IAN MACDONALD—Look, I have a lot of questions for the bureau and GBRMPA later, but I will not do them in this general session. In this general area, I refer to a matter that I had some brief correspondence with the minister at the table on—that is, water. Is the department now engaged in any work on the harvesting of water? I know it has been a taboo subject for the last 30 years in federal and state governments. But I just wonder if, following on from the drought and then from the very heavy rain and then flood mitigation, the department is programmed to do any work advising on water harvesting, water storage, flood mitigation using dams and other restraining influences?

Dr Grimes—Your question goes to quite a broad range of matters. I have no doubt that work that we do touches on a number of those areas. We may be in a better position to be able to answer more detailed questions in this area tomorrow when our water group appears. They do not appear this evening but they are listed down for tomorrow.

Senator IAN MACDONALD—Okay. I saw Senator Birmingham and others of my colleagues will have lots of questions about that. The parliamentary secretary sent me a glossy brochure of how full dams were around the countryside, which was very interesting. The information is a bit outdated now. It went from November. But I did respond to the minister saying that, rather than telling us how much is in the dams, he would be better placed to tell us what he will do about putting more water in them. The minister kindly responded and has invited me to speak to him about it. I will do that at the earliest opportunity. I am just curious as to whether the department, in its own role as chief government adviser in the area, was doing work in that area.

Dr Grimes—These are matters better picked up tomorrow morning with the relevant officers.

Senator Farrell—Just on that point—if I could intervene for a moment, Senator—there is an iPod app that you can now get called water storage that the bureau provides. It gives you pretty much the latest figures. So if you are interested, then I can get the details of those to your office and you can look up any time very updated information on water storages right around the country.

Senator IAN MACDONALD—Thanks for that, Parliamentary Secretary. I am more interested, though, in what the government might be doing to enhance our harvesting of water in times of plenty so that we have a bit when times are not so plentiful. We do come on to natural resource management later. That is all I have in a more general way. My more specific questions relate to the bureau and then to GBRMPA, and perhaps to Caring for Our Country later.

CHAIR—Senator Troeth, do you have any questions?

Senator TROETH—No, I do not have any questions on this.

[7.14 pm]

CHAIR—If there are no other general questions, I will move to outcome 1, the Supervising Scientist Division.

Senator LUDLAM—Welcome back, Mr Hughes. I will just start with some follow-up on some issues that we spoke of last time you were here. In relation to the uranium mining

operations in Kakadu, you told us that ERA was planning to install seven monitoring points and that the data would eventually be available to all stakeholders. You did not commit to a time line because I think the information you were giving us was fairly fresh. But ERA aimed to have that in place for the 2010-11 wet season. Can you just give us an update? The term you used was a vastly increased real-time monitoring network, which I was very glad to hear. What is the status of that at the moment and the public data reporting associated with that?

Mr Alan Hughes—ERA have indeed set up their monitoring network in Magela Creek. They have eight monitoring stations in or near Magela Creek now doing real-time EC monitoring. They also have stations in Gulungul Creek, which flanks the other side of the mine site. At this stage, they are reporting their results from those in response to incidents in an ad hoc fashion and in weekly water reports to all stakeholders.

Senator LUDLAM—Is it still grab sampling or is it real-time monitoring?

Mr Alan Hughes—No. It is real-time monitoring. But they still conduct their grab sampling program because that is part of their authorisation to do that.

Senator LUDLAM—So they are recording in real-time and they are reporting in weekly batches?

Mr Alan Hughes—Yes.

Senator LUDLAM—They are reporting to you, or is that material now live for the public?

Mr Alan Hughes—No. It is going to all the mine site technical meeting stakeholders.

Senator LUDLAM—Great.

Mr Alan Hughes—And the Gundjeihmi Aboriginal Corporation who also get copies of the data—the traditional owners.

Senator LUDLAM—That is good. How many new bores? Is it the seven in total that we spoke of last time?

Mr Alan Hughes—Sorry?

Senator LUDLAM—How many new water monitoring points?

Mr Alan Hughes—There are eight in Magela Creek and there are a number of other monitoring points scattered around operationally on the mine site that ERA move to answer specific questions on an operational basis.

Senator LUDLAM—Thank you. I forget exactly where we left this. You indicated some affinity for the idea that that data would eventually be reported publicly. Is there an update on that?

Mr Alan Hughes—I have spoken to ERA about the subject and they indicate their preparedness to ultimately do that when they get their systems sorted out. We have been through the same exercise ourselves and we know that it is best to make sure that the data is validated properly before it goes live.

Senator LUDLAM—But that is still the intention?

Mr Alan Hughes—That is still the intention.

Senator LUDLAM—Any estimated time of delivery?

Mr Alan Hughes—No.

Senator LUDLAM—Days, years, months?

Mr Alan Hughes—No. I suspect it is probably years at this stage. But the important thing is that ERA are providing the information in a timely fashion in response to any occurrences of interest to stakeholders.

Senator LUDLAM—What is the current situation up at Ranger following the heavy rains that were associated with cyclones Yasi and Carlos?

Mr Alan Hughes—The mine site has had a significantly above average wet season to date. They are currently sitting on something like 1,475 millimetres for the season, which compares to about 1,500 millimetres for the average whole of wet season. We still have some months to go and almost certainly they will exceed the average value of the season.

Senator LUDLAM—What is the current freeboard at the tailings storage facility there? How close is the facility to its maximum operating level?

Mr Alan Hughes—There is a target operating level for the wet season of 52.5 metres and a maximum operating level of 53.0 metres for the dry season. The tailings dam is currently at 52.16 metres. The catchment of the tailings dam is such that it receives only incident rainfall and there are no other significant inputs that occur. So it is millimetre for millimetre. Whatever rain falls is obviously what happens in the tailings dam.

Senator LUDLAM—It sounds like they are fairly close to their maximum permissible wet season level. What happens if the thing fills up?

Mr Alan Hughes—The maximum wet season level is a target operating level, but it does not pose any hazards to go beyond that to the maximum operating level for the dry season of 53 metres. For that to occur, the site would still need to receive 650 millimetres of rainfall. Typically, from this time of year to the end of the season, they will receive somewhere between 450 millimetres and 500 millimetres of rainfall.

Senator LUDLAM—That is operating very, very close to the margin.

Mr Alan Hughes—Yes.

Senator LUDLAM—What happens if the remainder of the wet season continues heavy?

Mr Alan Hughes—In the event that the water level in the tailings dam reaches the 53-metre maximum operating level, then a contingency plan kicks into place whereby water is transferred from the tailings dam to pit 3, the operating pit.

Senator LUDLAM—Did your office provide advice to either ERA or the NT regulator prior to ERA's suspension of processing operations at Ranger, which happened on 1 January—or the announcement, I should say? What was the nature of the advice? Were you involved in the decision to suspend processing operations there?

Mr Alan Hughes—We held general discussions with both the mining company and the regulator about the state of the situation. ERA voluntarily ceased processing operations to

minimise the level of voluntary inputs into the tailings dam. So we did not ask them to do that, nor did the regulator.

Senator LUDLAM—You did not advise them one way or the other?

Mr Alan Hughes—We had general discussions about all sorts of options that might exist . ERA enumerated the plan that they had in place to do that work. One of the early parts of that contingency was to suspend its operations and bring forward its scheduled maintenance program.

Senator LUDLAM—That is underway at the moment. Does your office have to make any kind of provision for the restart of operations? Will you be involved when the thing gets back up and running again?

Mr Alan Hughes—It is simply an operational decision by ERA to do that.

Senator LUDLAM—They will start it up when they are ready?

Mr Alan Hughes—Yes.

Senator LUDLAM—What is the status of ERA's application for the proposed heap leach up there?

Mr Alan Hughes—The proposed heap leach is being assessed by the Northern Territory government under the bilateral arrangements between ourselves and them. ERA submitted a draft of the EIS to the approvals and wildlife division of our department and the Northern Territory government last Thursday. That draft is a document which allows the regulators to assess whether or not the guidelines have been met by the document. In the event that the regulators are happy that the document addresses all the guidelines, they will inform ERA and at that stage ERA will then be at liberty to release the EIS for public comment.

Senator LUDLAM—But I do not know that you will be able to tell us when that would be made public. Is that entirely up to the proponent when it is final?

Mr Alan Hughes—The Approvals and Wildlife Division may be able to provide you with some additional information on that particular aspect of the EPBC Act. It is not part of my brief to give that.

Senator LUDLAM—You are one of the inputs. Is anybody at the table able to tell us when the heap leach EIS might be made public?

Dr Grimes—We made a decision that we would have to call the relevant officer here to answer your question.

Senator LUDLAM—Yes, fine.

Dr Grimes—Peter Burnett is coming to the table to assist.

Senator LUDLAM—Welcome, Mr Burnett.

Mr Burnett—I only caught the second half of your question. Was it about the time line for the EIS on the Ranger heap leach assessments?

Senator LUDLAM—Yes—specifically when it might be made public.

Mr Burnett—Now that the draft has been lodged, we will assess it. If it is satisfactory to the minister's delegate, we will give the company approval to publish the EIS. The timing is then up to the company. They presumably will do that shortly after getting approval if they get approval. But if they wanted to take a bit longer about it, that would be at their discretion.

Senator LUDLAM—Yes. I am just trying to work out how the process works. Has there been any further movement on assessment or otherwise of the decline for proposed underground mining there? Are you involved in any way with that proposal?

Mr Burnett—Yes. That was the subject of a separate referral. This is the exploration decline you are talking about?

Senator LUDLAM—You are calling it an exploration decline, so we will stick with that language if you want.

Mr Burnett—The exploration decline was declared to be a not controlled action back on 17 May 2009.

Senator LUDLAM—So you have no involvement for the time being?

Mr Burnett—Not for the exploration decline.

Senator LUDLAM—Until it is referred. Mr Hughes, in response to a recent question on notice, you confirmed that seepage from the Ranger tailings facility is moving north. Can you provide any detail on the extent of this movement and your current thinking about management or intervention options? The company's long-term rehabilitation obligations are that the project area be reincorporated into Kakadu National Park and that it has to be rehabilitated back to a standard or an environment similar to the park. You have said before, and the company has insisted, that that contamination is not moving offsite from the lines that they have put on the map of the lease area. To what extent is the seepage moving north? What is the current state of thinking about how you would return that to the state that it was in before the mine was there?

Mr Alan Hughes—There are a whole bunch of additional monitoring bores intended to be drilled around the site which will provide us with a great deal more clarity on what the distribution of any seepage plumes are. However, early work in some bores to the north of the tailings dam which were probably within 200 or 300 metres of the dam have detected some seepage. There have been draw-down tests on that which showed that the rates of seepage at that point were quite low—of the order of half a cubic metre a day or something like that.

Senator LUDLAM—So at a distance of a couple of hundred metres. Have you been able to ascertain the water quality as well as the quantity that is moving?

Mr Alan Hughes—The water from those bores has been sampled and analysed and it is significantly diluted by the ground.

Senator LUDLAM—What is the furthest distance you would say you have detected seepage moving away from the tailings dam? How far can you detect the signature of the change in water quality?

Mr Alan Hughes—If indeed those bores are detecting seepage from the tailings dam, and it is thought that they are, they are probably approaching the limit.

Senator LUDLAM—Approaching what, sorry?

Mr Alan Hughes—Approaching the limit of the range that you would be able to detect it before the water got to a quality where it was relatively indistinguishable from other ground water.

Senator LUDLAM—Yes. I realise it is blending with water that is already there.

Mr Alan Hughes—Yes.

Senator LUDLAM—You said a couple of hundred metres. Can you be a bit more precise?

Mr Alan Hughes—No. I would like to see the results of the additional monitoring bores that are being put in and see how those settle down. It will be some time before we would really be in a position to say anything that was more precise than that.

Senator LUDLAM—Okay. While we have you on precision, why do you think it might be a couple of years before the real-time monitoring results are put into the public domain? I do not understand that at all.

Mr Alan Hughes—As I explained before, with our own experience on putting real-time monitoring results in the public domain, it takes us a good week to actually go through the data and verify the data, validate the data and then process the data to put it up on our website.

Senator LUDLAM—Okay. That is a couple of weeks. That is really different to a couple of years. A couple of weeks I think most people would probably accept.

Mr Alan Hughes—No. It takes a couple of weeks for us to validate the data.

Senator LUDLAM—Yes. why would that material not then immediately go into the public domain, once you have done that?

Mr Alan Hughes—Sorry, that does. I admit to having misled you there.

Senator LUDLAM—Perhaps. I might have to go back and check the transcript. I asked when the real-time monitoring might go public and I thought I heard you say that it would be perhaps a couple of years. But if you want to expunge that from the record, I would be happy for you to do so.

Mr Alan Hughes—No. I probably misinterpreted the question. I thought you meant by real-time monitoring in that case that it was actually live and ticking over so that you were watching what was happening in the stream. We take our real-time monitoring and we process the data and validate the data, and then we post it on the internet, usually within a week.

Senator LUDLAM—That is excellent. Thank you very much. The Commonwealth is at the moment undertaking an environmental assessment of I think what would be the largest open cut on the planet at Roxby, of which uranium is one proposed component. Is your office involved in any way in providing advice to the regulator on that proposed expansion?

Mr Alan Hughes—Our office has provided advice internally within our department to the approvals and wildlife division, which handles the EPBC aspects of that particular program.

Senator LUDLAM—All right. What form has that advice taken?

Mr Alan Hughes—We have made comment on various drafts that have come from the proponent, in particular on issues such as tailings management and waste rock management.

Senator LUDLAM—Given that you are at the moment charged with regulating or monitoring a mine for which the proposal is for in-pit tailings disposal—the long-term option up at Ranger is to put the stuff back in the ground—do you have a view as to whether that is appropriate for this much larger open cut at Olympic Dam?

Mr Alan Hughes—I have not formed a view on that one at this stage.

Senator LUDLAM—Have you been asked to?

Mr Alan Hughes—No.

Senator LUDLAM—Could I ask you to now?

Mr Alan Hughes—Sorry?

Senator LUDLAM—Could I ask you to now?

Ms Dripps—I think it might be premature in the Olympic Dam process to be asking such a question, but I will put it to Alan to consider the answer.

Senator LUDLAM—We are assessing this project now. The company is going to make a final investment decision, we are told, next year. If it is premature to consider the final resting place for tens of millions of tonnes of carcinogenic tailings, when is the appropriate time to call in the expertise of Mr Hughes and his office, if not now?

Ms Dripps—I think Mr Hughes has made it clear that he has been asked for some preliminary comments on some aspects of the project, but we are not yet in a position where the company has an environmental impact statement that has been deemed to be satisfactory by either the South Australian or the Commonwealth government.

Senator LUDLAM—But you will ask him for his advice on tailings storage once the EIS has been concluded or during the process?

Ms Dripps—I am certain that we will ask him during the process.

Senator LUDLAM—That sounds reasonable. There was quite a highly publicised incident earlier this year involving a prime mover that became bogged while taking uranium oxide from Ranger to Darwin. Did OSS attend that incident or did you have any input at all into the reporting or anything around that incident?

Mr Alan Hughes—No. We did not.

Senator LUDLAM—So that was treated as a safety issue rather than a radiological issue?

Mr Alan Hughes—Yes.

Senator LUDLAM—Is that a little unusual?

Mr Alan Hughes—What? That a truck gets bogged when it pulls over to the side of the road?

Senator LUDLAM—No. Do you see yourself as a radiation safety regulator or just strictly the mine? Once it has left the site, you do not have any further role?

Mr Alan Hughes—No. We are not radiation safety regulators at all.

Senator LUDLAM—All right. The second part of the question, though, is: once a shipment of uranium oxide leaves the site, it is not something that you would concern yourself with?

Mr Alan Hughes—It is not in our brief to deal with that. It is covered by transport regulations.

Senator LUDLAM—Does OSS have a view on the adequacy and the maintenance of the area's roads with regard to shipment of this material?

Mr Alan Hughes—We have never been asked to comment on that.

Senator LUDLAM—All right, thank you. Chair, I might leave it there.

Senator ABETZ—First of all, congratulations to Senator Farrell. This is the first time I have appeared before him in his new capacity, so well done. Mr Hughes, can you tell us whether you are aware of any steps ERA is taking to further improve water monitoring and management?

Mr Alan Hughes—I believe ERA have made some fairly significant steps to improve water monitoring and management. I have already recounted the issue that they have now placed a whole bunch of continuous monitoring stations in the streams around Ranger. I am very grateful that they have done that. They have also undertaken some seepage control works in the areas around the stockpiles, which I believe has had a very positive effect on the water quality in retention pond 1. I am looking forward to seeing how that pans out as time progresses. They have been undertaking drainage works around the perimeter of the tailings dam and put in place some detent ponds there to capture run-off from the tailings dam.

Senator ABETZ—Some what ponds?

Mr Alan Hughes—Just some sediment catchment ponds.

Senator ABETZ—What is the term?

Mr Alan Hughes—Detent ponds to detain the water. So those ponds are detaining the water which is running off from the tailings dam. ERA has undertaken now, because of concerns by the traditional owners and others, to pump the water from those ponds into the pond water system so there is no release going from that run-off any longer.

Senator ABETZ—Thank you. Can you tell us about the quality of groundwater from data currently collected? Do the measured levels of uranium have any impact on the national park, in your opinion?

Mr Alan Hughes—The levels in groundwater fluctuate fairly naturally through the season. We have not detected any groundwater of sufficiently poor quality to consider it to be environmentally significant. Certainly there has been no impact on Kakadu National Park from groundwater leaving the Ranger site, or there is certainly no evidence of it.

Senator ABETZ—Thank you. Last year, ERA committed to install further continuous monitoring stations. They have now been installed. Is that correct?

Mr Alan Hughes—That is correct.

Senator ABETZ—Is the data from those being submitted to you?

Mr Alan Hughes—Yes. The data from those continuous monitoring stations is actually being submitted to all stakeholders, including the traditional owners and the Northern Land Council.

Senator ABETZ—But, most importantly for these estimates, to your office?

Mr Alan Hughes—Indeed.

Senator ABETZ—Thank you. Since your last appearance, has there been any material breach of the extensive regulations to which ERA is subject ?

Mr Alan Hughes—No.

Senator ABETZ—Thank you.

CHAIR—Mr Hughes, I want to follow up on the ERA continuous monitoring stations. You say they have put a whole bunch in. That is not a technical term.

Mr Alan Hughes—No.

CHAIR—Or scientific. What does ‘a whole bunch’ mean?

Mr Alan Hughes—There are eight stations in Magela Creek, which is the main creek draining away from the Ranger site, and there are two stations in Gulungul Creek, which is a subsidiary creek, which also joins Magela Creek downstream from Ranger.

CHAIR—In your view, is that a sufficient number of monitoring stations?

Mr Alan Hughes—It certainly is. In fact, many of those stations are providing an opportunity to undertake further research on environmental protection measures, so it is a very useful number of stations.

CHAIR—Were these stations affected by the flooding?

Mr Alan Hughes—Not currently. The stations are actually mounted on pontoons and there is always the potential for a pontoon to overturn or be struck by a large log that is floating down the creek. But with the number of redundancies in the stations, the station numbers plus the fact that we have got our own stations in the stream, we are pretty confident that we will capture any events that occur in the stream.

CHAIR—So how many stations do you have?

Mr Alan Hughes—We have one station upstream of the mine and one station downstream of the mine in each of Magela Creek and Gulungul Creek. In addition to that, on the downstream stations we have redundant systems, so we run two probes, so it is duplicated information.

CHAIR—Just tell me what you are monitoring for.

Mr Alan Hughes—The main contaminant of interest to us is magnesium sulphate. Magnesium sulphate is simply a salt. So the amount of salt in the water increases the electrical conductivity of the water. So we mostly measure electrical conductivity. This allows us to do live sampling at regular intervals as opposed to sampling where you have to do analyses. If you take water samples away, there is the transport time, the analysis time and so forth and so on. So the real-time advantages are gained by measuring EC, or electrical conductivity. In addition to that, our monitoring stations have automatic samplers on them so

that when EC events occur, we have predetermined triggers which trigger the auto samplers. In addition to that, we also have an auto sampler set up to turbidity. So in addition to monitoring EC, we are also watching the turbidity in the river. So turbidity could be caused by, for example, washaways on the mine site or something like that or unforeseen movement of sediment off the site.

CHAIR—Turbidity equals pollution, does it?

Mr Alan Hughes—No. Turbidity equals dirty water. In fact, most of the turbidity issues in the stream arise from natural occurrences like landslips upstream the mine site.

CHAIR—Thank you. Any further questions? If not, Mr Hughes, thanks very much.

Mr Alan Hughes—Thank you.

[7.40 pm]

CHAIR—I will now move to the director of national parks. We are still on outcome 1. Welcome, Mr Cochrane. We have some questions from Senator Siewert.

Senator SIEWERT—I have a series of general ones and then I want to ask about Christmas Island, because you cannot do estimates without doing Christmas Island. Do I ask about IPA here?

CHAIR—Yes.

Senator SIEWERT—Generally, I want to continue on the course of questioning I was asking about last estimates in terms of funding. In fact, I think over the last two estimates we have been talking about whether the cuts that were announced last year in terms of the funding for Caring for our Country actually moved to the NRS program. My understanding from the answers that we got was that it did. I am just wondering whether you have any more detail about where those cuts have been made to the program.

CHAIR—Before you do that, for the record, can I ask you whether you have any opening statement prior to answering Senator Siewert?

Mr Cochrane—No, I do not.

CHAIR—Good. On you go, then.

Mr Cochrane—The cuts that you are referring to have still not been allocated specifically across program areas.

Senator SIEWERT—Is there a timeline, then, for when it is, because I think this is the third estimates I have been asking about this? You have just said there has not been a decision. When will it be made?

Mr Cochrane—I cannot tell you because it is a matter of when the NHT ministerial board meets.

Senator SIEWERT—Thank you.

Mr Tucker—Senator, perhaps I can assist. The reduction in the funding is to the whole amount of the money in the special account. There is always flexibility in those arrangements, so, as Mr Cochrane has said, the ministers can exercise flexibility in the way that funding is used. So, in some senses, it is looking at the opportunities for spending money to get the best

return. Many of our areas of activity are still priorities, and ministers will consider them in their funding decisions.

Senator SIEWERT—Where are we up to, then, in terms of the recommendations that have been made regarding areas for purchase to add to the NRS?

Mr Cochrane—The minister has approved a range of projects for this current financial year and we are working through them with the proponents. In fact, there is a variety of projects we have executed and for which we have paid out the money. There are ones that we are waiting to pay, contracts that are under negotiation and ones that have been approved but on which we are still working through with the proponents the precise details.

Senator SIEWERT—I will not ask about them because I will get told you cannot tell me. But, as I recall in the past, you make a series of recommendations and it takes a period of time to actually negotiate a purchase with regard to the properties.

Mr Cochrane—That is correct.

Senator SIEWERT—So my concern, just picking up on what Mr Tucker was saying, is that you put forward proposals for funding and, if it takes some time to negotiate them, how does that work out in terms of this year's budget compared to next year's budget?

Mr Cochrane—We have an allocation for this year, and we are on track to spend that. We believe we will spend that.

Senator SIEWERT—Do I take it from that, then, you will be making good use of the money—picking up on the answer that was just given—and if that were the case, there will not be any cuts to NRS funding for this year?

Mr Cochrane—As you know, the precise amount of money that we spend depends on us executing all the contracts in the time and having the properties at that stage where they can be concluded by the financial year. So there is an element, if you like, of risk. Therefore, we tend to be working on a number of projects in excess of the actual amount available. So we do our best to come in on the precise budget figure.

Mr Tucker—I can add to that too. There have been occasions in the past, with this flexibility that I have discussed, where a project we might have funded for another purpose has not been able to complete its activity and the funds have not been able to be spent and they have been used for NRS purposes. So in the past we have had that flexibility. It can work that way as well.

Senator SIEWERT—I appreciate what you are saying. I would just like to see all the money retained in the NRS. If you get additional money, that is good. Have you done any assessment of the value for money of the program? I am thinking about some of the work that, for example, has been done by conservation organisations looking at the best way to spend money. Purchases for the NRS come out pretty high. I wonder whether you have done any such assessment of cost per hectare. If you have, can you tell us what it is?

Mr Cochrane—We have not done an assessment overall for the program. Obviously, each single property we look at in terms of its value for money. We do not put up propositions to the minister unless we believe they are value for money; that is a general point. I think your question will probably be best answered by the work that WWF has been doing because a

couple of years ago they did, if you like, a report card on the program. I understand their update to that is very close to completion. So I think you will get an answer to that question from a third party rather than from us.

Senator SIEWERT—So you have not done any. I think I will probably need to be asking this under program 1.1, which is the review of the Caring for our Country program, which I have been asking questions next door about. One of the questions I did not ask is whether the NRS is included in that.

Mr Cochrane—The NRS is a key part of Caring for our Country, so the midterm review would certainly would look at the NRS.

Senator SIEWERT—Since the document was only released at about 3.30 this afternoon, I have not actually read it yet. But have you been, or has anyone from National Parks been, included in the internal team that is carrying out that review?

Mr Cochrane—Because the midterm review is at a fairly early stage, I would see us playing a key role in the system.

Senator SIEWERT—I understand there is a small team of six that is running it. Were you involved or were any of your staff involved in the development of the discussion paper?

Mr Cochrane—I cannot answer that one specifically. Mr Flanigan may well be.

Senator SIEWERT—Were any of the national parks team involved in the development of the discussion paper?

Mr Flanigan—Yes, they have been. The discussion paper, as my colleague Mr Thompson was explaining in the other room, is a document for commencing discussion. So we have framed some general questions. They are not exclusive. They are not the only things we have been looking at in the review. But the paper itself was produced in house and with input from our colleagues in parks, heritage division, marine division and all the parts of the department that are involved in the Caring for our Country natural resource management initiatives.

Senator SIEWERT—I appreciate now I am crossing lines over into another section, so you can tell me to ask it there. But, in terms of the question that I asked previously about the value for money of the program, is any of that likely to be looked at in terms of the review?

Mr Flanigan—That is one very important part of what we are looking at—how we are running the program, the types of investment streams that we have in the program and whether they are delivering good value for money. Your earlier question was about value for money for, I think, different types of things like off reserve management versus on reserve management. I too have not yet seen that document from WWF. But in terms of, for example, the stewardship program, there are different figures bandied around for that. But our average cost per hectare per year is running about \$200 per hectare. If you think of the labour input and all that, I would not want to say this too broadly, but it is fairly cheap and pretty good value for money.

Senator SIEWERT—In terms of your previous answer to two of my questions that I asked in previous estimates about the IPA program and the future of that program, is the future of the IPA program part of the discussion paper? Again, I am sorry that I have not read the discussion paper. It has only just been released. Is that canvassed in the paper, because I

took from a previous answer that the future of that was being considered as part of the review? Is that correct?

Mr Cochrane—It will need to be because the IPA program is funded out of Caring for our Country.

Senator SIEWERT—I understand that the midterm review is more about how Caring for our Country could be refined in the final part of the program. Having said that, I am aware of the answer that Mr Thompson gave next door, which was that some of the forward funding for the program, if the government decided it wanted to, could address some of the issues that come out of the review. But will the review of Caring for our Country be the sole review mechanism for IPAs, or will there be some other process? Am I clear?

Mr Flanigan—For protected areas?

Senator SIEWERT—Yes.

Mr Cochrane—I would have thought the government would look at the outcomes of the midterm review before it made any decisions on the future of any particular element of the program.

Senator SIEWERT—The IPAs were there before Caring for our Country. Although that has been used as a funding mechanism, it is a standalone concept.

Mr Flanigan—I think the issue around the review, as my colleague was saying, is there are parts of the refinement to the existing outcomes work, if you like, that cover the period to 2012-13 which are ongoing and will be picked up in the review as we go forward but have been through other things. But Caring for our Country, as a budget initiative, is an ongoing program. One of the purposes of the review is to give government the information about the design of natural resource management initiatives for the next estimates period post that. So, in a sense, Mr Cochrane and I are unable to say obviously something like IPAs will continue into the next form. But there are significant elements of the NRM program—NRS, IPAs, working on country and the like—which you would expect to be in the mix somewhere.

Senator SIEWERT—Thanks. I want to move on to Christmas Island. I want to go to the expert working group and the release of the report and then the implementation of its recommendations and find where that is up to. Then I want to ask a few specific questions.

Mr Cochrane—Thank you. The expert working group final report was released, I think, in September last year. We have been implementing a number of its recommendations as we go and as resources permit. But as I think I said last time, there are a number of those recommendations which are the responsibility of other portfolios or at least involve other portfolios. So we have been undertaking, and we are still engaged in, a consultation process with other departments on how to best implement those other recommendations.

Senator SIEWERT—So what is the time line for that process?

Mr Cochrane—No specific time line was set. As I have said, the things that are within our control we are moving forward with to the best of our ability. On a number of them we have made some quite reasonable progress. The other across or whole-of-government responses are a work in progress with no specific time line.

Senator SIEWERT—I will ask again in May. I want to ask specifically about 24 and 25, which were high priority recommendations about the flying fox. Where is the implementation of those two at? Recommendation 24 was about the cost-benefit analysis and need for a flying fox captive breeding program. As I understand it, you have recommended by December 2010. Recommendation 25 was about appropriate monitoring and targeted research.

Mr Cochrane—We have undertaken some of the targeted research that was recommended, particularly the disease assessment. We contracted Taronga Zoo, and they have been out on island and sampled a wide range of mammals and reptiles on the island for diseases. That work is still underway. But I think it is probably fair to say the preliminary conclusions from that work is that disease is probably not the major cause of the decline of the species we are worried about. But I would like to hedge that because that is not an easy conclusion to make conclusively.

Senator SIEWERT—So that would be picking up on recommendation 25 around the major threatening processes, I presume.

Mr Cochrane—That is correct, yes.

Senator SIEWERT—I take your qualification of that. If disease looks like it is not the key threatening process, what is or what work is being done to identify that?

Mr Cochrane—Well, as you would also be aware, there is a regional recovery plan, which is well advanced. Our aim is to pick up all of the threatening processes and species of concern in that regional recovery plan rather than as we have done in the past, as you know, the species by species approach.

Senator SIEWERT—Yes.

Mr Cochrane—In particular, when we are dealing with similar threats, and particularly the yellow crazy ant, it makes a lot more sense to try to deal with the ecosystem as a whole. It is easy to say that. Putting it into practice is a lot more complicated. I have recently asked about what is happening with the flying fox. It is actually quite difficult to survey. We do not have a good estimate of what the population numbers are because, unfortunately, they move around a lot. As you would know, the island is quite challenging in terms of doing survey work. So we have only anecdotal information about, if you like, the conservation status of the flying fox. It is quite important for us to get good numbers so that we know what we are dealing with.

Senator SIEWERT—I presume that means if you do not have an idea on numbers, the issue around whether we need a captive breeding program is a moot point until we know about numbers. Is that correct?

Mr Cochrane—Precisely. Although we are quite committed to not being in the same position as we were with the bat.

Senator SIEWERT—Well, you have just pre-empted my next question. I appreciate the difficulty. What is the time frame for getting an idea of numbers in order to make a decision as to whether we need a captive breeding program or not?

Mr Cochrane—We have certainly undertaken a number of consultations about what would be an appropriate technique to get hold of a reasonable population estimate. But we have not undertaken or been able to start that yet. In terms of a reasonable time line, our aim is to

address all these issues, as I said, in the regional recovery plan. We need to get that completed this year. That will set priorities and key actions for us.

Senator SIEWERT—So the time line for the regional recovery plan is midyear or end of the year?

Mr Cochrane—I would have to come back to you on that specifically. You might ask this question, so I will go to the answer now. With our reptiles we have also contracted Taronga to help us with captive breeding of a number of reptile species. In the course of doing that, they have provided us with some very helpful advice, which is actually now feeding back into our drafting of the regional recovery plan. So we have had, if you like, some new ideas injected into that process which were not canvassed when we were doing the online island consultations around that. So that has opened up a few more issues for us. So I would hesitate to say when we are going to do that. What we want to make sure is that it is the best possible recovery plan for the island, not that it will be completed by a specific time.

Senator SIEWERT—You said that some of the issues have come up post doing the consultation. So does that mean that you may be doing another cycle of consultations?

Mr Cochrane—I am not sure that is necessary. The people that participate in the consultation process, I think, gave us a lot of very useful information and good feedback. What we have now done is tapped into new sources of expertise. So I would not commit to another round of consultation. I think we want to finish it.

Senator SIEWERT—I was not necessarily advocating that you should. I was trying to follow up. You said that it was post the consultation. I was just checking on what the process was from here.

Mr Cochrane—Yes.

Senator SIEWERT—Thank you.

CHAIR—If there are no further questions, thank you, Mr Cochrane.

[8.00 pm]

Bureau of Meteorology

CHAIR—I call officers from the Bureau of Meteorology. Dr Ayers, would you like to make an opening statement?

Dr Ayers—Yes. Firstly, I would like to take the opportunity to pay tribute to the hardworking men and women of the bureau who, over this very active summer season, have worked tirelessly in the interests of the Australian people. They have worked very hard and I am very proud of them—I want that to be recognised in this place. They are dedicated to the welfare and wellbeing, safety and security of Australia.

Secondly, unfortunately we may struggle a little with some questions around water issues. Our resident water guru, Deputy Director Dr Rob Vertessy, has come back from Asia and just before coming here earlier today has come down with something that looks like a rather nasty case of flu. I thought it would probably not be sensible for him, coming back from Asia with flu, to be in this room.

CHAIR—That is the best excuse we have heard for a long time.

Dr Ayers—Thirdly, I think at some stage it would be appropriate for me to respond to the letter from Cardinal Pell, which was incorporated in *Hansard* in the last estimates committee meeting when we were not present.

CHAIR—Thanks, Dr Ayers. On behalf of this committee, I would indicate our appreciation of the work that you and your staff have done. We are happy to place that on record as well. It has been a terrible time and a terribly important time for the bureau, and we appreciate the work that has been done. I ask you to convey that to your staff from the committee.

Dr Ayers—Thank you, Chair. I will pass that on to the staff in my weekly message.

Senator IAN MACDONALD—Before going to questions, I would like to respond briefly to the Cardinal Pell issue. I think you did respond in quite a detailed letter, which was tabled. If there is anything else you want to say, well and good. I asked the question on Cardinal Pell's article in the paper and tabled it for you to respond to. You did respond and I passed it on to Cardinal Pell. I then invited him, if he thought he had been misquoted, to write to the Privileges Committee or something. As far as I am concerned it has not gone any further, but perhaps you know something that I do not.

Dr Ayers—No, in the last estimates there was a letter from Cardinal Pell that you had incorporated in the *Hansard*.

Senator IAN MACDONALD—Yes.

Dr Ayers—It was a response to the bureau's previous response.

Senator IAN MACDONALD—I see.

CHAIR—We are getting that letter photocopied, I think, and once we get hold of that we will give you an opportunity to respond.

Senator IAN MACDONALD—So you responded to his letter, he responded to yours and you now want to respond to his?

Dr Ayers—Yes.

Senator IAN MACDONALD—That is fine. Coming back to cyclones, as someone who lives through cyclones and who spends my mandatory four hours of absolute terror as the cyclone approaches, thank you to your guys for sending it north and not to where I was. The people in the north who got it are perhaps not quite as grateful.

Certainly, the bureau people always do marvellous work. At every cyclone they are worth their weight in gold, hence my continuous campaign to have them based in the north and not have them all centred in Brisbane, which I know is a long-term goal of some in the bureau. They do a fantastic job—and often to their personal detriment. They all have families, houses and property but they stick it out and do a fabulous job, so I certainly endorse that and endorse it as one who is very close to it. I know Senator Humphries will have some comments on this too.

I want to touch on a couple of things. There has been some comment about the floods in the south-east. You have indicated to me that you perhaps are not in a position to be too prescriptive there and I am aware that there is a judicial inquiry being held where, no doubt,

the bureau staff will be questioned as to manning and other issues. I will not go into that at any length. Senator Humphries or others might.

I do want to inquire about Willis Island. Again, I had the good fortune to visit Willis Island many years ago. It is a coral atoll, its highest point being about three metres above sea level. It is never a place to be in a bad cyclone—or any cyclone. I was under the impression that they had some sort of an escape module there, something dug into the ground that would keep people under water and safe for a number of years. Is that not there anymore? Had the cyclone come more quickly than it did, is there anywhere that they would have been able to retreat to on the island?

Dr Ayers—A few years ago the facility there was rebuilt with a core that was designed to withstand a category 5 cyclone, so there is a structure in the building that would withstand that level of attack—and we are talking category 5 wind gusts above 280 kilometres an hour. That area in the building has emergency food, water, power and other things available. So, yes, it is not quite an escape module but it is—

Senator IAN MACDONALD—Is it able to withstand tidal surges or do they not form that far out?

Dr Ayers—You suggested three metres. I think the refurbished building is a little higher than that and the tidal surge from Cyclone Yasi did not reach the building. It certainly played havoc with the fringes of the island but it did not reach the building, so that was not an issue.

Senator IAN MACDONALD—I understand you evacuated everyone before—

Dr Ayers—Yes.

Senator IAN MACDONALD—What is the infrastructure damage to Willis Island?

Dr Ayers—At the passage of the cyclone we lost the radar and we lost the automatic weather station. The radome itself was demolished and the radar is now inoperable. The automatic weather station stopped recording wind gusts, I think, when the anemometer cups came off at a wind speed of around 200 kilometres an hour. The automatic weather station has now been made operational and is sending data. You can get that from the website. The radar is damaged beyond repair and will require replacement. The primary satellite communications are all working. The diesel generator continues to operate. It has been serviced and the island will be left in the remote operational mode. It will require a service visit in the next two months. The sewerage and fresh water systems have been affected and are currently inoperable, rendering the island uninhabitable. Regarding food storage, the circuit breakers tripped to the upright freezers in the chiller room. Food was wasted. The chest freezers were all fine and the contents remained frozen. We had a visit and the things I mentioned were all ascertained. All work has progressed in a safe manner. Our staff from the island have been redeployed across the network and it will be several months before the island is ready to receive a new complement.

Senator IAN MACDONALD—Do you intend to continue to man it?

Dr Ayers—Yes.

Senator IAN MACDONALD—How many hits did your radar website get in the week leading up to the cyclone? Do you have that detail?

Dr Ayers—I think we do.

Senator IAN MACDONALD—A thousand of them would have been mine.

Dr Ayers—On 2 February, we had six million visits from almost three million unique visitors. In December, as a month, leading up to that period we had 4.6 billion hits, which is 50 per cent above normal. For those who are interested in IT, we had 650 gigabytes of inbound data requests and 5.3 terabytes of outbound. You are right, Senator, people were interested.

Senator IAN MACDONALD—I have no scientific knowledge, but it seemed to me to be the most accurately tracked cyclone. Some say it is because it was so big and there was a high somewhere there that kept it on the straight and narrow, but it did seem to be the most accurate prediction I have had the misfortune to experience for a long period of time.

Dr Ayers—It was very well predicted in terms of the time it would cross the coast, its intensity at that point and its location. The cyclone-tracking information that we have now is getting better all the time. A number of processes have contributed to that. We use more than one forecasting model—we take our own and we have others from around the world. The system has been developed and will continue to get better. The cyclone that is wandering around Darwin at the moment is a little more difficult. When you are either side of the continent and the gradient winds are stronger, it is a little easier. It is not always possible if you are effectively a little further north where there is less steering, if you like. Where Yasi came across, the weather patterns were very well specified. The incipient cyclone was evident more than a week out.

Senator IAN MACDONALD—Some people are telling me that the predictions of the tidal surge did not eventuate. Could you give me some information on what was predicted and what actually eventuated at the eye of the cyclone?

Dr Ayers—What happens with a cyclone's rapid rotation is that to the north of the eye the winds are blowing offshore; to the south they are blowing onshore. It is a matter of knowing where the cyclone will track across the coast—where the eyewall, where the strongest winds are piling water on top, will cross. You have to be able to predict quite precisely where the cyclone will be, you have to be able to predict the wind speed quite well and you also have to know what the tidal state will be at that time. All three of those major factors have to go together. In fact, the bureau did very well. Five metres roughly is my memory at Cardwell. A storm surge in excess of five metres was recorded at Cardwell. The issue is that, up and down the coast, when people hear a five-metre prediction that will be at the location of the maximum wind speed on the southern side.

Senator IAN MACDONALD—I heard the prediction was higher than that, though—that five metres was the actual but the prediction was a metre or a couple of metres above that.

Dr Canterford—I think that was a fact of the time between the high tide and the low tide—it was just a couple of hours out. It came through just a little later and so did not result in quite the storm surge that was predicted. It might have been one or two metres, from recollection.

Senator IAN MACDONALD—It did not hit the coast at high tide.

Dr Canterford—It is my recollection that the prediction was based on hitting it at high tide.

Senator IAN MACDONALD—So that is not a breakdown in the process or the calculation?

Dr Canterford—No.

Senator IAN MACDONALD—It is simply a matter of when the cyclone gets there.

Dr Canterford—Exactly.

Senator IAN MACDONALD—And, fortuitously, that was when it did. As I have indicated, I am very praiseworthy of the bureau, as indeed I am of all the emergency services people. It was just fabulous and very reassuring. I would have been far more reassured if it had been the bureau giving me bureau advice and police advice rather than one of my profession—a mere politician. I am just wondering what process the bureau follows in disseminating its advice and warnings.

Dr Ayers—The bureau works in partnership with emergency managers at the Commonwealth level and also at the state level. In essence, it is the emergency managers who determine the dissemination of the information that the bureau provides to the end point.

Dr Canterford—The Bureau of Meteorology, as Dr Ayers mentioned, works very closely in harmony with the State Emergency Service committees as they are formed. The Premier of Queensland obviously took a keen interest in that committee, and the bureau provided briefings to the group as a whole. So there was a combined effort, a partnership, between federal and state at the government level and at the emergency services level. I think that was effective in this particular instance in getting out a single message to the community. In terms of the actual technical aspects of the warning et cetera, we had a lot of media and public interest in exactly what the bureau was saying. As the cyclone came towards landfall, that is when the bureau became more obvious to the community in its presence.

Senator IAN MACDONALD—So you did actually speak on camera to the media as needed?

Dr Canterford—Yes. Our regional director, Mr Jim Davidson, was quite prominent in presenting to the media and our other staff. In fact, we sent across from Western Australia and up from Melbourne tropical cyclone media experts to our Brisbane office. We had media camping in the office during that terrible time for Northern Queensland to handle the huge amount of media interest we had in the event itself. So the bureau had a very strong presence in that instance.

Senator IAN MACDONALD—As the cyclone came closer, of course, I stopped being able to watch, but we did seem to be getting a lot of advice, as I said, from the Premier. This is obviously how the TV stations run their programs. Questions were going to her that at times I thought it might have been more appropriate for someone with technical knowledge, such as the bureau staff, to be fielding. I am just curious to ascertain that there was no encouragement for bureau staff not to be available to the media. Is that correct?

Dr Canterford—That is correct.

Senator IAN MACDONALD—Were the other bureau sites in Townsville, Cairns and perhaps elsewhere manned right through?

Dr Canterford—There was a period when we had to take staff out of both Cairns and Townsville. Rockhampton was probably affected the most and for the longest period. We also had inundation at Amberley

Senator IAN MACDONALD—Rockhampton staff were not taken out because of the cyclone?

Dr Canterford—Sorry, we did have to destaff Rockhampton.

Senator IAN MACDONALD—Because of the floods?

Dr Canterford—Because of the flood inside. I apologise—you were talking about tropical Cyclone Yasi.

Senator IAN MACDONALD—Sorry, I was.

Dr Canterford—So we did take staff out for tropical Cyclone Yasi. Willis Island has already been mentioned. I think that in Cairns as well we had to move staff out. I have the exact dates here if you would like me to record those.

Senator IAN MACDONALD—If they are easily available then yes; otherwise, on notice.

Dr Canterford—I have the dates here. Cairns ceased operations at 0800 hours on Wednesday, 2 February, and recommenced operations at 0700 hours on Friday, 4 February. Forecasting duties were carried out in our Brisbane office between those hours.

Senator IAN MACDONALD—But that was after the cyclone?

Dr Canterford—That is right.

Senator IAN MACDONALD—But it was manned all the way through the cyclone?

Dr Canterford—Yes, it was.

Senator IAN MACDONALD—So why were the staff taken out? Was it damaged?

Dr Canterford—There was concern about inundation. It is a fairly low-lying office.

Senator IAN MACDONALD—It is at the airport, isn't it?

Dr Canterford—Yes. Townsville closed at 1 pm on Wednesday, 2 February—which was after the cyclone—and recommenced on 4 February. And, of course, Willis Island was evacuated the day before tropical Cyclone Yasi.

Senator IAN MACDONALD—I have in the past asked questions about staffing at these regional stations on the basis that in times of calamity—unless you have got one, two or three people who are spare, and accepting that people can be away on holidays—staff are required to work far more than an eight-hour shift. Can you provide me with details of how long your staff at Townsville and Cairns were continuously on the job during the cyclone period?

Dr Canterford—I will take that on notice. We do have figures on staff hours of duty that we have been collecting post the event.

Senator IAN MACDONALD—The last time I asked questions on this, some concerns that I had had about downgrading the number of staff were, to a certain degree, allayed. Can

you comment on staffing numbers at the Cairns, Townsville, Rockhampton and Mount Isa stations.

Dr Canterford—Yes. The figures for Townsville, from my recollection, have not changed in the last year and remain at five forecasting staff, three observing staff and three technical staff, who are required to repair equipment in the vicinity. For Cairns, the figures remain the same at six forecasting staff—and as you are aware, we did increase that slightly to provide 24/7 coverage for the international airport at Cairns—four observing staff and two technical staff. So both offices have remained virtually unchanged in the last year or two.

Senator IAN MACDONALD—I appreciate with my very limited understanding of the way forecasting works that there is an argument to say that you can do it as well, and perhaps some might even say better, from a long way away. That of course is psychologically unacceptable to people in the locality. Will there be any review of staffing levels—and I am broadening my question here—not only in the cyclone areas but in the flood areas as a result of these calamities? Is any review planned?

Dr Ayers—We will be reviewing the events, and we are in the process of reviewing the events from a number of points of view. As you have acknowledged, there is a commission of inquiry and there are also some coronial requirements that we need to meet. But a series of events of this magnitude suggest to me certainly that it is worth us having a look at our arrangements. I cannot say a lot more than that. It is something that gives us pause for thought.

Senator IAN MACDONALD—I am conscious that my colleagues have a number of questions too, so I might pause there. If we have time, I might come back.

CHAIR—Dr Ayers, we are all waiting with great anticipation to hear your statement in relation to Cardinal Pell. Would you like to make that statement now?

Dr Ayers—The issue from my point of view and why I sought leave to respond is that the cardinal has, in terms of the letter we incorporated in *Hansard*, made a number of propositions about aspects of climate science that I feel should not remain unanswered on the public record in this place. I would have been happy to have responded directly to the cardinal but he has not approached me and I am not aware that he has spoken with any others in the climate science community. I thought it was important to respond.

The difficulty with the assertions made in the cardinal's letter is that they are based not upon contention in the climate science field but on a book written by Professor Plimer entitled *Heaven and Earth—Global Warming: The Missing Science*. The contents of the book are simply not scientific. I am concerned that the cardinal has been misled by the contents of this book and I do not think it should stand on the public record for that reason.

Why would I say this book is not science? It is not me who says it so much, although I have read it myself; it has been widely reviewed by people in the scientific arena and it has been very heavily criticised for not presenting science but presenting a polemic from one individual. It has not been scientifically peer reviewed. I would like to step you through each of the assertions in Cardinal Pell's letter. The cardinal I do not anticipate would be an expert in these fields of science, so he has quoted very heavily from this book and the book is, frankly, misleading to all Australians in terms of what it represents. I will read you one

scientific review to give you a sense of what one scientist from the University of New South Wales said about the book. He said:

Plimer has done an enormous disservice to science, and the dedicated scientists who are trying to understand climate and the influence of humans, by publishing this book. It is not “merely” atmospheric scientists that would have to be wrong for Plimer to be right. It would require a rewriting of biology, geology, physics, oceanography, astronomy and statistics. Plimer’s book deserves to languish on the shelves along with similar pseudo-science such as the writings of Immanuel Velikovsky and Erich von Daniken.

That is from Professor Michael Ashley from the University of New South Wales. That is very strong, I am sure you will agree. I have read the book myself and it contains phrases that had nothing to do with science. There is a somewhat gratuitous attack on Chancellor Angela Merkel on page 441, the same page essentially that contains a gratuitous attack on Minister Wong. Page 470—

Senator IAN MACDONALD—That does not make the book—

Dr Ayers—No, the point is, Senator, that it is not science. The book says that it is *Global Warming: The Missing Science*. Were it science, that would be fine. To quote Professor Ashley again:

The book is largely a collection of contrarian ideas and conspiracy theories that are rife in the blogosphere. The writing is rambling and repetitive; the arguments flawed and illogical.

Senator IAN MACDONALD—But Dr Ayers—

CHAIR—Senator Macdonald, Dr Ayers is making a statement. You can ask questions after he makes the statement.

Senator IAN MACDONALD—We are on limited time. It is additional estimates. In Cardinal Pell’s case, he did a written response, which we tabled. I wonder whether it might not be more appropriate for Dr Ayers to do a written response which can be tabled. I can assure Dr Ayers that I will be making sure his comments are passed on not only to Cardinal Pell, but also to Professor Plimer who says these same sorts of things about the people you are quoting.

CHAIR—Senator Macdonald, I do not want you to enter into the argument. I know where you are coming from. My position—and our rule—is that Dr Ayers can put his statement on *Hansard*. He does not need to write it; he is prepared to put it on *Hansard* now, and it is on *Hansard*.

Senator IAN MACDONALD—You said that we have a limited time. How long is the statement likely to be?

CHAIR—I am prepared to have it put on—

Senator IAN MACDONALD—The rest of us want to ask questions.

CHAIR—Senator Macdonald, you have had plenty of time to ask questions. You are the one wasting my time now. I think that you should let Dr Ayers go on. Dr Ayers, how long do you think the statement might take?

Senator BOSWELL—Mr Chairman, I am very happy for Professor Ayers to make the statement, but I do think we should give the same opportunity to Dr Plimer. You have got every right to criticise him, but I think he has a right to defend himself in the same forum. So if you are going to—

CHAIR—I do not know whether it is appropriate for Dr Plimer to be before estimates.

Senator BOSWELL—It is just as appropriate—

CHAIR—Dr Ayers, how long do you think it will take?

Dr Ayers—It would probably take between five and 10 minutes.

CHAIR—I think that we should continue.

Senator IAN MACDONALD—Being aware that I will send it to Dr Plimer and ask him to write a written response to incorporate.

CHAIR—Very good.

Dr Ayers—Just responding to Senator Macdonald, I will be making contact directly with the cardinal after these estimates. As I said at the outset, from my point of view I am disappointed that I was not having this discussion with him directly. I am very happy to do that.

Senator IAN MACDONALD—His letter is dated July—that was seven months ago.

CHAIR—Dr Ayers, I would ask you not to engage directly with Senator Macdonald. That will lead us down a blind alley, I can assure you. I am saying that you should make your statement and then Senator Macdonald can ask you questions.

Dr Ayers—Chair, my proposition here is that there are about half a dozen assertions in the letter and I would like to respond to each one, if I may. First of all, I should just say that a critique of Professor Plimer's book is available. There is another university professor, named Ian Enting, at the University of Melbourne and if you put 'Enting' and 'Plimer' into a search engine you will come up with a 55-page document detailing mistakes, misunderstandings and misrepresentations. That is available and I will be sending that to the cardinal. Everybody who wants to dig into an analysis of the book can do that.

On the first thing, the Roman warming, Professor Plimer asserts that the temperatures during that period were two degrees to six degrees warmer than today. If you go through the book, there is not a single scientific reference in the book that makes that statement. It is an assertion without any scientific evidence. The example of a book by Lamb, published in 2007, is about as close as you get. The strongest statement in that says:

By late Roman times, particularly the fourth century AD, it may well have been warmer than now—

Now being the mid-1970s when the book was written. In fact, we know the earth was a little warmer. So there is no cogent evidence being provided at all for that statement. I have no idea—

Senator IAN MACDONALD—East Anglia University—

Dr Ayers—I have no idea where the two degrees to six degrees comes from. I will heed the chair's advice. What is interesting about that is that there were things like assertions that

grapes were grown in England and that the two degrees to six degrees would support that. Grapes are grown in England today. There are more than 400 vineyards. That sort of level evidence is not science; it is anecdote. If Professor Plimer has time he should publish it in a scientific journal and then we can have it level. That is that: there just is not any evidence in the book.

If we move on to the medieval warm period, he references a study of 6,000 bore holes. These are holes in rock where the temperature diffuses down and with a mathematical technique called inversion you can reconstruct what the past temperatures would have been based on thermal diffusion. The reference appears to come from an article by Professor Wally Broecker, a renowned oceanographer, written in 2001. Professor Plimer does not quote Professor Broecker's conclusion, which is:

The case for a global medieval warming period admittedly remains inconclusive.

So that does not support it. What Professor Plimer then does is take one of the references from this book and refers to a 1997 paper by an author list led by someone named Huang. What is interesting about that is that the same authors in 2008 published a subsequent paper which says, in fact, that you cannot use their first paper for the purpose. They say:

The results of our earlier paper cannot be used for comparing the medieval warm period to warmth in the 20th century.

Which is exactly what Professor Plimer does. This paper was available in 2008, a year before he published his book. He has used a paper that the authors themselves say cannot be used in a particular way. That is not science.

A second thing to do with the medieval warm period is on page 66, where he says:

Bore holes give accurate temperature histories for a thousand years into the past ... Northern Hemisphere bore hole data shows the medieval warm period and the cooling of 2 degrees from the end of the Little Ice Age.

When you go and look at the scientific paper—which you assume is about bore holes, Northern Hemisphere, medieval warm period—you discover the paper is actually not about bore holes but about an ice core; it is not taken in the Northern Hemisphere, it is from the Antarctic; and it is for the period 10,000 years to 20,000 years ago, not the Roman warm period. That level of getting references wrong is not science. So the book does not provide evidence about the medieval warm period or the Roman warm period.

The cardinal in his letter says that he has metadata analysis—that is, an analysis that sits above all the papers that are random reviews—but he just cannot find it. That's okay. If he can find it I would be happy to look at it. I know of three metadata analyses, though. One of them is in the Intergovernmental Panel on Climate Change Working Group I report from the Fourth Assessment Report. It answers all these questions. However, there are those who feel that the IPCC is somehow biased, so they would not use it.

At the time it was being written in 2006, the US National Academy of Science carried out an independent review and wrote a report entitled, *Surface temperature reconstructions for the last 2,000 years*, because there were those who said the IPCC process was not robust. So we have an independent report from the National Academy of Science. Their conclusion is:

- It can be said with a high level of confidence that global mean surface temperature was higher during the last few decades of the 20th century than during any comparable period during the preceding four centuries.

They go on to say:

- Less confidence can be placed in large-scale surface temperature reconstructions for the period from A.D. 900 to 1600.

The medieval warm period is in there.

Presently available proxy evidence indicates that temperatures at many, but not all, individual locations were higher during the past 25 years than during any period of comparable length since A.D. 900.

The Roman warm period was 250 BC to 450 AD. So they do not support it. That is two metadata analyses. They were both available to Professor Plimer. They are not mentioned in the book. So it is not a fair review of the scientific literature. The final point I will make is that the US EPA, in December 2009, published the administrator's results on the 'endangerment' and 'cause or contribute' findings for greenhouse gases under section 202(a) of the Clean Air Act. This was a process in which the Administrator of the EPA made a finding that the current and projected concentrations of six well-mixed greenhouse gases in the atmosphere threatened the public health and welfare of current and future generations. I will not go into the 'cause or contribute' finding, but the point was that there was a profoundly careful review. They had a 60-day consultation period for public comment, and 380,000 public comments were taken in. They all included the statements made in Professor Plimer's book that have unfortunately misled Cardinal Pell. Not one of them was supported. So there are three metadata reviews—from the IPCC, from the National Academy of Sciences and from the US EPA—that do not support the propositions that are being put.

I will move on to carbon dioxide, where Professor Plimer has brought to the attention of anybody who reads the book—and Cardinal Pell has picked it up—that 90,000 measurements of CO₂ were done over the last 150 years by a particular method. He contrasted those with the carbon dioxide record from Mauna Loa in Hawaii, which from the fifties has documented the increase in human activities. It looks as though that is a fair comparison, but it is not. It is actually verging on disingenuous. The fact is there are 150 stations measuring CO₂ worldwide, 110 of which meet the standards such that the annual analysis done by the World Meteorological Organisation's World Data Centre for Greenhouse Gases uses those to describe CO₂ everywhere. You simply cannot, if you pay attention to all the data available, reach the conclusion that CO₂ levels were higher in any other period in time.

Professor Plimer does not mention that in 1986 all the old data that were collected over the last 150 years were reviewed in a paper by Fraser et al. I can give you the citation if you like. The issue here is that, in Australia, we have, at Cape Grim in Tasmania, one of those 110 high-quality baseline stations measuring CO₂. If you look at that and if you look at the work done in the Antarctic Division on ice cores and firn, which is the loose layers of snow that compact down at about 80 metres—air has been extracted all the way down from the present down into the past, through the firn layer and into the ice cores, back 2,000 years—there is absolutely no possibility that the global CO₂ levels were 400 parts per million last century. It is just implausible. Yet, on the basis of 90,000 measurements from a paper by a fellow named

Beck, that is the conclusion put in the book and that is the conclusion picked up by Cardinal Pell.

Professor Plimer also did not cite the fact that, during the year after the Beck paper came out, there were two rebuttals published in the same journal pointing out the errors in it. They were not referred to. So there is very selective use of data the whole way along. The Australian scientists who have worked on the carbon cycle include those working in Canberra at one of the two international offices of the Global Carbon Project, where on an annual basis CO₂ levels are reviewed, the carbon cycle is reviewed and the budget of carbon going into the atmosphere, the oceans and the land surface is all reviewed and published. It is not in this book because, if it were in the book, the conclusions that are in the book could not be reached.

So what I am going to suggest to Cardinal Pell in due course is that he comes with me and visits a range of climate change science establishments in Australia and has a look at the science directly, not through this book but through the lens of what men and women in Australia are doing in scientific institutions that is valid, that is published and that has real credibility. My contention is that Cardinal Pell may well become an ambassador for the quality of climate change science if he is exposed to the quality of the science that is done. That is my aspiration. He can make his own decision about whether the science says what Professor Plimer says, but I think he will become an ambassador for the quality of the science we do in this country. It is absolutely not honoured by this book.

I know these are strong statements but I am the head of a national agency and the information that is out there is not adequate based on what I know. So I am taking my job seriously and making a strong statement. There are some other things in Cardinal Pell's letter that I will not go into because I can see people's eyes will start to glaze over. I will just make two other comments. At one stage he lists greenhouse gases. Included in the list is the gas nitrogen. That is not a greenhouse gas; it is 78 per cent of the atmosphere. You cannot have people out there telling the public that nitrogen is a greenhouse gas, because it is not.

The final point I will make is on the statement from Professor Plimer that CO₂ from fossil fuels accounts for 0.1 per cent of the greenhouse effect. There is a parameter called climate sensitivity. It is the temperature increase you would get if you doubled CO₂. The conventional view, which is very well attested to in scientific literature, is that it is about two or three degrees. That is roughly it. At equilibrium, when everything comes into balance, that is what the temperature of the Earth would go up by. Professor Plimer says that is not right; he says it is only half a degree. At least, he says that in one part of his book. In another part he says that it is 1½ degrees. So he is not consistent with himself. You can do a very simple calculation. Professor Enting—the guy who has done the 55 pages collecting problems with Professor Plimer's book—shows you how to do the calculation. You can compute the change from 280 parts per million pre the industrial age to 385 now. Using Professor Plimer's climate sensitivity, it would increase temperature by 0.23 degrees. We have seen about 0.7, but he has put his sensitivity below that. If 0.23 degrees is only 0.1 per cent or one thousandth of the greenhouse effect, it implies that the greenhouse effect is 223 degrees and without it our planet would be as cold as the outer planets. So the calculations in this book are just erroneous. I will give up at this stage. There is plenty more I could go on with, but I will not.

CHAIR—Dr Ayers, thanks for taking the time to take us through those issues. So you are going to convert the cardinal and make him a missionary for climate change?

Dr Ayers—No. In fact, I think that—

Senator IAN MACDONALD—Who suggested to you that you might read this out tonight, Dr Ayers?

Dr Ayers—Nobody. As I said, I felt that it needed to be in the *Hansard*.

Senator IAN MACDONALD—Yes, I am quite sure it should have been, but a written response would have been equally as good because unfortunately Professor Plimer, should he choose to respond, can only put in a written response. He cannot make the commentary that you have made.

Dr Ayers—I am happy for Professor Plimer to write to me.

Senator IAN MACDONALD—No, it needs to be done here. This is the trouble. The chair has allowed this to happen. This is going to go on forever now.

Senator SIEWERT—You were allowed to table that letter last time.

Senator IAN MACDONALD—But that is tabling. I agree with that. He should have been able to table a reply. I agree with that. Professor Plimer will not be able to come and talk to the committee.

Senator LUDLAM—He can publish another work of science fiction

CHAIR—Order! I am not going to have a debate taking place across the chair. If you want to ask any questions of Dr Ayers on what he has just said, I think it is perfectly appropriate to ask them now. Senator Macdonald, I invite you to ask any questions you have of Dr Ayers on what he has just put.

Senator IAN MACDONALD—It is now 10 to nine. We have two hours left to do the whole of the rest of the program. I would not impose upon my colleagues by asking any more. I have had my fair share. I just think that it was an inappropriate decision of the committee to allow 20 minutes to be taken up by what is clearly an interscientific argument.

CHAIR—It is about the best 20 minutes I have heard at estimates for a long time. Congratulations, Dr Ayers.

Senator IAN MACDONALD—You should go and listen to Professor Carter some day.

CHAIR—Before we move on, I take it then, Dr Ayers, that you do not agree with the second paragraph of the letter from the Cardinal to Senator Macdonald that says:

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.

You do not agree with that, obviously.

Dr Ayers—No.

Senator HUMPHRIES—Dr Ayers, can you give us a quick stocktake of the instruments and devices that the bureau uses to measure weather events around Australia? Obviously, I do not want you to tell us now where every weather gauge and rain gauge is, but can you tell us,

for example, how many wind gauges, rain gauges and other pieces of equipment there are that the bureau uses to measure weather?

Dr Ayers—We have about 600 automatic weather stations that continuously measure temperature, humidity, wind speed and direction. They also measure rainfall. We have an additional roughly 6,000 cooperative rainfall observers who take daily rainfall measurements for us and report those to us. We have a network of tide gauges around the country. I cannot remember the number, but those gauges measure the tide.

Senator HUMPHRIES—What is a tide gauge?

Dr Ayers—It measures sea level height.

Senator HUMPHRIES—You said 14, did you, Dr Canterford?

Dr Canterford—We do have access to other tide gauges operated by port authorities, et cetera. I am not too sure of the number there but we do operate our own.

Senator HUMPHRIES—But you operate 14?

Dr Canterford—Yes, through our National Tidal Centre.

Dr Ayers—In the tsunami warning system we have additional tide gauges deployed around islands in the Coral Sea and elsewhere. We have six deep ocean tsunami buoys that measure sea level height as part of the tsunami system. We have 65 weather radars. It is a very big network of weather radars. I might also indicate that other countries have much smaller numbers. The Brits have about 18, the Germans have 17, and I think the Canadians have 28. So what we have in Australia is a very large piece of weather radar infrastructure.

We have field offices where observers make measurements. In total, the bureau has people at about 60 locations across the country. We also have people in the Antarctic and on offshore islands. There is other automation in the form of wind profilers that continuously measure wind speed and direction in either the lower atmosphere in one version or the upper atmosphere in another version. That is a new technology that we are just working our way through at the moment.

We also have a radiosonde network where balloons are set off at intervals during the day. At the major airports they are set off every six hours and at longer intervals at others. These balloons go up in the atmosphere to about 30 or so kilometres and measure temperature, pressure and humidity. Additionally, we use information from buoys around the coast that measure sea surface temperature and so on. We have a large program of ingesting data from environmental satellites. These are cooperative with people from space agencies in Europe, in the US and in Asian countries.

Dr Canterford—You mentioned the 6,000 or 7,000 rainfall gauges?

Dr Ayers—Yes, I mentioned those cooperatives. That is a snapshot.

Senator HUMPHRIES—Is there a place that I could go to to see an accurate description of how many of those devices are around the country?

Dr Ayers—The website has a lot of information on it, so you can probably get most of it from the web.

Senator HUMPHRIES—I appreciate that there is an inquiry going on into the circumstances surrounding the floods in Queensland.

Dr Ayers—I did not see the river level gauges and the flow gauges, of course.

Senator HUMPHRIES—How many of those are there?

Dr Ayers—I do not know the number but many of those are cooperative. Our fraction of those is probably in the order of 30 per cent, because we work, as I said at the outset, in partnership with regional local councils and state and regional authorities.

Senator HUMPHRIES—Are the ones that are BOM operated automated, or do they rely on manual readings of the river levels?

Dr Ayers—We do manual readings in some places but the majority of them are in fact radio telemetry and there are some other com systems used as well.

Senator HUMPHRIES—Does the website tell us how many of those are in each category?

Dr Canterford—It should. On our website for Queensland, we have actually put in a special link which talks about the number of gauges in Queensland and the other states. On our website there will be a number of these in our various flood warning centres. If you click around, you will find the networks. I think some states have maps of networks as well, especially Queensland. It is a very good example of where you can get that information.

Senator HUMPHRIES—The question I want to get to here is: how are locations for devices that measure, for example, river levels actually determined? As I visited places that were affected by the recent floods both in Queensland and Victoria, I was told that there were flood events in both those states where minimal information was available to people in particular settlements about the arrival and the dimension of water coming down river systems towards them. When I was in Bundaberg on Friday, I was told by the regional council there that they were aware of one BOM facility that measured river levels but the council relied primarily on manual observations made at a point upstream on the Burnett River about what was coming down the river. How are locations for river level gauges or measurement points actually determined? Who decides where they should go?

Dr Ayers—As I have indicated, the majority of the gauging sites are owned and operated by agencies other than the bureau. There are consulting mechanisms, but the sites are generally determined by the agencies themselves, and we work with them. We have a program, as part of the Water Initiative, called the modernisation and extension fund, whereby we have been administering over five years an \$80 million program to assist the nation's water managers to improve their infrastructure, if that is an appropriate way to go. So we are assisting with an investment program. The modernisation and extension fund is not only invested in additional gauging but a conversation between the various authorities and the bureau about how we can assist them. But, at the end of the day, the placement of the majority of gauges will be determined by local authorities.

Senator HUMPHRIES—How would you respond to criticism in places like Bundaberg or Skipton in western Victoria, where considerable damage was done by flood waters and where, I am told, many people lost much more than they should have by virtue of not knowing the

extent of the flood waters coming towards them? Why wouldn't BOM have had some kind of cooperative analysis point or data collection point or their own automated facilities at some suitable point upstream of those settlements?

Dr Ayers—I think the events that we have seen are unprecedented across the country. The bureau have a level of funding that is determined by government and we have made decisions over the years based upon the analysis that we have done about which areas the bureau can contribute to directly. As I said, I think the events of the last little while will lead us to having conversations with a number of people but the bureau does not have the responsibility for providing river-level gauges across the country. It is not solely our responsibility; it is a partnership.

Senator HUMPHRIES—You say it is not your responsibility. Whose responsibility is it to monitor the levels of major rivers—or the tributaries that feed into major rivers—on which settlements occur?

Dr Canterford—I think most states have flood warning consultative committees which, as Dr Ayers said, are made up of the various local government and state government agencies and the bureau. They work together to look at specific catchments and there is a joint decision made on where those gauges should be. The bureau's ultimate responsibility is for riverine flooding, so most of our gauges would be located, for instance, for predictions of flooding along major river basins. Local councils and some state agencies would be looking at the finer scale for their particular areas in terms of what their requirements are. The bureau does assist them in suggesting the instrumentation that could be put in but, as Dr Ayers said, most of the work is done on a partnership basis.

CHAIR—We have reached the time for a break.

Proceedings suspended from 9.02 pm to 9.18 pm

CHAIR—We will reconvene. Senator Humphries, you have the call.

Senator HUMPHRIES—I have a few follow-up questions and I accept you might need to take some of these on notice. Dr Ayers, you mentioned that there was a multi-million dollar program, as you put it, to replace or upgrade our weather monitoring network. Can you tell us more about that program? How much exactly is that program and over what period?

Dr Ayers—It is a modernisation and extension fund. It is \$80 million over five years.

Senator HUMPHRIES—\$80 million over—

Dr Ayers—Five years.

Senator HUMPHRIES—Five years. When did that five years start?

Dr Ayers—The budget is phased. Next year it will be \$10 million. Next year will be the last year. This is the fourth year.

Senator HUMPHRIES—So it is about halfway through at the moment.

Dr Ayers—A little over halfway through.

Senator HUMPHRIES—You can take those exact dates on notice if you want. Is that principally going to be about replacing existing worn-out or antiquated monitoring equipment, or will it be mainly about enlarging the number of monitoring points?

Dr Ayers—The program has a number of objectives. The outcomes include appointing state water information coordinators. It is about water information. It is the water information function. The coordinators assist organisations to produce strategic water information management plans. The modernisation and extension of the hydrologic monitoring networks is about measuring water storage levels, including river heights and flows, rainfall, groundwater levels and so on. There is also an updating of water management systems to enable efficient and timely transmission of data, because it all comes into the bureau to build the national water information.

Senator HUMPHRIES—Specifically, in terms of how the money is spent on individual facilities, I assume it would be focused on upgrading existing facilities or building new ones in new locations, or a combination of those two.

Dr Ayers—It is the system, as I have suggested. It includes appointing coordinators and modernising and improving the measurement systems but also improving how the water data transfer standards are developed. It is the whole information system.

Senator HUMPHRIES—Could you take on notice the provision to the committee of how that first 2½-years worth of spending under this program has actually been outlaid—exactly what we have spent our \$40-odd million dollars on to date.

Dr Ayers—Yes, we can provide that information on notice.

Senator HUMPHRIES—You mentioned before that there are committees at state level which determine where weather monitoring equipment ought to be placed. If a decision was made by a committee in, say, New South Wales that the Hunter valley needs more measuring equipment to ensure we have better ideas of the flow of water down it, who would supply the equipment needed to upgrade the level of information available about the Hunter valley river system?

Dr Ayers—I do not have enough knowledge of the detail to be able to answer that particular question. It is a hypothetical. I would be happy to take that on notice.

Senator HUMPHRIES—It is not hypothetical in the sense that I am asking who actually takes responsibility for monitoring water levels in Australia. You obviously deploy some equipment. State agencies deploy some equipment. Who actually determines what needs to be done in a particular catchment?

Dr Canterford—Can I just add that there is a difference between flood monitoring and water resources monitoring. The modernisation funding, as I am aware, is essentially for water resourcing monitoring, as Dr Ayers just mentioned. There is a different process for flood monitoring. They can overlap, obviously, but the flood warning consultative committees are mainly looking at real-time measurement of river heights in particular, whereas the modernisation fund is to assist in the water accounting—

Dr Ayers—This is about water accounting and water information.

Senator HUMPHRIES—Do you mean the measurement of the total volume of water in a dam or a river system or something like that—that kind of information?

Dr Ayers—It is to contribute information from which to build water accounts.

Senator HUMPHRIES—Okay. Would you accept that the experience of this last summer of horrors suggests that Australia needs to significantly upgrade the quality and quantity of its measurement of water levels that might contribute towards flooding?

Dr Ayers—I think there are a range of issues there that will be canvassed by the commission of inquiry and also the coronial inquiries. I am not sure that it is appropriate for me to—

Senator HUMPHRIES—There are inquiries in both Victoria and Queensland but if you do not want to traverse that ground I will come back to the question of modernisation spending. That is not really targeted at improving either the quantity or the quality of our measurement of river levels that would assist in circumstances like the recent floods, is it?

Dr Ayers—It is primarily about water information and knowing where the water is and where it is going, as Dr Canterford has just said. It was not targeted specifically at flood warning.

Senator HUMPHRIES—How many water gauges of one sort or another were destroyed or damaged in the flooding we have seen in the last couple of months? I am talking about the ones that you operate.

Dr Ayers—I may take that on notice because there are a range of different things that happened that were not to do with damage but involved communications systems, and so the absence of reporting is not necessarily that gauges were damaged. The communications systems in the regions concerned were affected. I do not have a number that went out because they were damaged or because of communications; they are points of detail that I do not have with me.

Senator HUMPHRIES—Will you take on notice how many gauges were incapacitated for reasons to do with your control of those devices? I do not mean that you damaged them; I mean that the devices themselves were damaged or the communications systems that relate the information were, but you operate them. How much within your estate, as it were, was damaged or destroyed by the flood?

Dr Ayers—We will take that on notice.

Senator HUMPHRIES—Thank you.

Senator FISHER—When a storm warning is cancelled, on average, how long does it take for the warning to be removed from your website? You can answer that on notice, unless it is very quick.

Dr Ayers—I do not have that point of detail, unless Dr Canterford has.

Senator FISHER—An answer on notice is fine, Gentlemen.

CHAIR—I have a question on notice. Do you intend to do a major review of the bureau after your experience with the recent cyclones?

Dr Ayers—After major events we always review our preparedness and the way in which we have operated. Whether that leads to anything more, we will see in due course.

Senator IAN MACDONALD—I alert the bureau that I will be tabling later an article entitled ‘House 244 to 179 to kill US funding to IPCC’. I will identify a couple of paragraphs that I ask Dr Ayers to critique.

CHAIR—Thank you, Dr Ayers. I now call officers from the Great Barrier Reef Marine Park Authority.

[9.27 pm]

Great Barrier Reef Marine Park Authority

Senator SIEWERT—Should I ask you or the department for information about the Great Barrier Reef structural assistance package?

Dr Reichelt—The department.

CHAIR—Dr Reichelt, would you like to make an opening statement?

Dr Reichelt—No, thank you, Chair.

Senator IAN MACDONALD—Dr Reichelt, do you have any early indications on how Cyclone Anthony and Cyclone Yasi have impacted on the reef? What research has been carried out to identify the impacts of not only the cyclones but also the flooding around Rockhampton? Do you have any assessments on the impacts of previous cyclones—for example, Larry—on the reefs and how long they take to recover?

Dr Reichelt—On the question of the impact of the cyclones and the floods, I will begin with Cyclone Yasi, the very large cyclone that caused so much damage to the coast further north of our headquarters in Townsville. We have three teams in the field this week—which was really their earliest opportunity and, even now, visibility is not very good in some areas—to make an underwater assessment. We did get some very quick imagery from tourist operators and some scientists to show that like Larry and like Hamish, the very large cyclone that tracked along the reef, there are patches of extreme turnover and damage to reefs and then 200 metres away there is no damage. It is quite a patchy thing out on the water. It is to do with the depth and the direction of waves and so on. So we are waiting now to hear back from those teams.

We have plans in place for an approximately three-month intensive analysis, using the preliminary three- or four-day quick look to design that longer survey—it is really a rapid survey in terms of science but it will run through till, say, May—and we will look at the broad band. A feature of Yasi was that while it had that intensive and large core the winds, for a long way away from that, were very strong towards Ayr and Bowen and up to Cairns and further north. The earliest reports I had were from the tourist industry and clearly the tourism industry around Mission Beach, Dunk Island and Bedarra has been badly damaged. But, of the pontoons working out of Cairns and Port Douglas, I think five of the six were back in business about two days later, so that gives you an idea of the range of infrastructure damage. The Whitsundays, also, was back in operation within a few days.

The Australian Institute of Marine Science did surveys of the area where Larry crossed, not that far really from where Yasi crossed. Interestingly, they found that with Larry there was not as much reef damage as you would expect, and part of the reason for that was that the coral in that area was already low from the crown-of-thorns a few years before. So it shows you that when you read the scientific reports you really need to see the context and read beyond the initial conclusive summaries. With Yasi, I am expecting there to be significant structural change to the reef in that area, possibly 100 kilometres wide around the track and then effects from the gale-force winds for some hundreds of kilometres either side of it. Particularly to the south, you can expect those winds to have rearranged sand cays and to have disrupted fishing patterns or behaviour of the fish. I will hopefully get these reports next week and then we will get going straightaway on a more comprehensive study that will probably run through till May.

Senator IAN MACDONALD—I have three quick questions because we are running out of time. With a cyclone, is the damage to the reef from the wind above that I guess moves the top of the water and has an impact down, or is it the inherent force of the wave action or tail action that causes the damage? Or does the fact that there are very high surges and high water mean that there is more protection above the reef from anything that might come from above?

Dr Reichelt—Intuitively, you are correct. If you are an island and you have vegetation it will be the wind, and for the coast it is the wave action. Under the water, it is the movement of the water and the turbulence of the waves. My intuition, really, having made a study of this, is that the waves are so large around the core of such a big cyclone that having the water a few metres higher does not really alter the fact that there is massive wave action happening.

Senator IAN MACDONALD—So it is the wave action?

Dr Reichelt—Yes. Realise that in the relative shelter of Cleveland Bay there were six-metre waves at the Jupiters Casino rock wall and nine-metre waves at the AIMS beach—and that is a shallow, short-fetch bay. So you can imagine what happens out where you have open water on the Barrier Reef.

Senator IAN MACDONALD—I always worry about your money at GBRMPA. Your finances are indirectly related to tourist visitations to the reef through the environment management charge—or they used to be. I think you still get a payment that is somehow related to that, without going into it in detail. Are you concerned that worldwide publicity of the extent of the cyclone might mean that it is going to be a lean time for the tourist operators going to the reef, which then has an impact on your money and how you are going to fund your operations, or has the government indicated that it is going to top you up as part of the cyclone relief? It is generally about money.

Dr Reichelt—Generally, our budget this year increased due to some provisions in the May 10 budget for some specific programs and for a capacity lift for us. So our budgets went up slightly this year. We took a conservative—in other words, negative—view of what the environmental management charge would do after the decrease in the global financial crisis. Early considerations are that, while we thought it was tracking below last year, it has been a good last quarter. We will not know for another six months how the whole year has gone. But I would really like to disconnect that from the impact on the industries using the Barrier Reef.

I would like to treat that as a separate concern. The tourism industry has advised me that there is widespread misinformation about what is operating on the reef and what is not. Agents overseas are advising people not to come to Australia because 'it's gone now', for instance. Yet we know that, for all the trauma along that track—and my heart goes out to the people affected by that—to the north and the south, the businesses are operating as usual. I have had the fishing industry contact me as recently as Sunday explaining that the catches of the line fishing industry have dropped away, as they did after Cyclone Hamish. I am hoping to meet with them in the coming few days to hear more about what is actually happening on the water. In the past couple of years we have stepped up the flow of information from the operating fishermen into our databases, because they see things on the water that we do not. I expect that an effect will be felt in the region from depressed tourism, and it has already been depressed, so that industry is doing it tough. So we will see effects. The concern the fishing industry expressed to me is that it is not just that the fish are not as catchable where there is damage from a storm. That then moves the effort somewhere else and puts pressure on another region. So there are complex flow-on issues to the fishing industry as well.

Senator IAN MACDONALD—You have anticipated my final question. I asked AFMA about that very issue earlier tonight, and they said, 'Ask GBRMPA or AIMS about it.' They did not have any information. I am being told, particularly by Bowen fishermen, that following Hamish it took 18 months for fish stocks to come back. They are saying that after Anthony and Yasi they are going to have a really tough time. They are looking for support as part of the government's package to rural industries. Of course, to qualify they will have to get some scientific support for their claims, which I guess is what they want to see you about on Sunday and why I am asking you what you or AIMS or JCU or whoever can establish—not what you have already established. Is it possible to establish scientifically those sorts of answers?

Dr Reichelt—Given that we have had that early indication from the industry that they are seeing now, as in the last few days, the same things that they saw 18 months ago, yes, we will take that into account. The rapid assessment we want to do is not just about how the corals are going. It is also about what are the potential social and economic impacts along the coast. That will form part of our assessment. The industry do provide us, as I have said, with information and we can back that up with additional surveys. My advice to the team is to work with the fishing industry to help design those to get the best information we can. As to the issue that you mentioned about the industry's aspirations for compensation, that is outside my brief.

Senator LUDLAM—I think I will put most of my questions on notice as I know we have a lot to get through. I am wondering whether there has been any consideration of postponing the forthcoming Talisman Sabre exercises as a result of the impacts of the weather on the reef. Has that been considered?

Dr Reichelt—I have not been approached about that, and I would expect that to come from the defence department.

Senator LUDLAM—Do you folk have a cost or an impact on your budget that you can identify for hosting the Talisman Sabre exercises, whether it be in assessment or monitoring or clean up?

Dr Reichelt—For Australia's hosting of them?

Senator LUDLAM—Yes. Do they impact on your portfolio?

Dr Reichelt—We allocate some resources to work with the defence teams and evaluate their reports. I could estimate the amount of effort we put into that. I would not have it with me right now.

Senator LUDLAM—That is okay. I will ask you to take that on notice, if you could. If you would itemise what those costs would be to you I would appreciate that. Do you consult at all with the traditional owners, the Darumbal people, prior to the commencement of those exercises? Do you have any formal ties with the TOs?

Dr Reichelt—We have traditional use agreements with the Darumbal. I know them personally and talk to some of the elders regularly. Your question I think relates specifically to the impact of, and their views on, Talisman Sabre. I cannot answer that one. I will ask Mr McGinnity to.

Mr McGinnity—I have not been involved in recent exercises, but in the past there has been consultation with the Darumbal through Defence and through the formal committee set up in the planning of the exercises. I imagine that still continues, but we would need to double-check that.

Senator LUDLAM—I will follow that up through Defence. Do you folk get a list of, or do you do an audit of, the kinds of chemicals that are used or might be deployed during those exercises within the area?

Mr McGinnity—The assessment includes information on the chemicals used and records are kept of those things.

Senator LUDLAM—I might rip some of those questions in on notice, because there is quite a few. We have spoken a couple of times in the past about the use of sonar during Talisman Sabre and its impacts on marine mammals. Do you do measurement of or do you have any role in assessing the use of active sonar technology during the exercises?

Dr Reichelt—Not to our knowledge.

Mr McGinnity—I do not know the answer.

Senator LUDLAM—I will ask you to take that on notice as well—and if it is not you if you would tell us who does. That would be appreciated. The United States military is immune to a lot of environmental regulation in the US. We do assess it. There is a PER undertaken to assess the exercises in the area. But I am wondering what would happen if to your knowledge an impact were ever found to be unacceptable. Would the exercises go ahead? Is there any way for regulators to prevent these exercises from continuing if the environmental impacts are not acceptable?

Dr Reichelt—That goes to an area that I am not familiar with right here. I will ask Peter if he has a reply.

Mr McGinnity—No. That is a legal question. Normally the matters are resolved without having to go to a legal solution.

Dr Reichelt—No. We could give you a breakdown of the processes afterwards.

Senator LUDLAM—In the last round of estimates I was asking about the show bags that are being handed out. There was a list provided of what was in them, but we did not get one. I am wondering if we can be provided the materials that are being given to the members of the public relating to the exercise. They are all in the public domain. It is just difficult to get hold of them in here.

Dr Reichelt—That would be easy to do as long as they are still in print. I imagine that they would be—the zoning plans and other things that are in the list.

Senator LUDLAM—I would very much appreciate it, thanks.

Senator BOSWELL—You just mentioned how tough things are going for the tourism industry on the Barrier Reef. I asked you a question by phone some time ago about the super yacht industry not being able to access some of the better tourist sites, like Whitehaven Beach. You told me that you would look at what was happening there. I pointed out to you that people with super yachts have to stand off from Whitehaven. How far off?

Dr Reichelt—One kilometre; 1,000 metres.

Senator BOSWELL—One thousand metres. But tourist boats can go right in. It is not helping people see the area at its best advantage. Did you do anything about that?

Dr Reichelt—I am aware of the concerns of some of the super yacht operators. A year ago I went to Hamilton Island and met the proprietors there in relation to the super yachts operating in that region. I have asked the team that assesses those issues inside the authority to look at it. The rules that operate in that area come under what is called the Whitsunday Islands plan of management. It is a legal instrument and it sets out the amenity and use of areas. It sets up mooring places. It is trying to protect areas of high use and high value. I was not part of the establishment of the rules for the super yachts, but I did check on whether they could be changed easily and what would have to happen. What happens with the plans of management is that periodically, when there is an accumulation of enough questions, a decision is taken to open up the plan of management to public consultation on how it could be changed. That was done about two years ago.

Mr McGinnity—From memory, it was in about 2008.

Dr Reichelt—So going on for three years now. There were a number of public response—30 or 40—that related to super yachts. There were some in favour of allowing access but the majority were not. And these were coming from local people. Therefore, those rules were not changed at that time. My understanding—and I stand to be corrected if I am wrong—is that that kind of process would need to be undertaken again. It has to be done in a transparent way with the public.

Senator BOSWELL—Their claim is that you can drive a tourist boat virtually onto the beach or up near the beach. These boats have about 200 people on them, and they can all get out and run around the beach. But super yachts cannot go anywhere near the beach, and they might have seven or eight people on them. They say, 'We're not going to spend our \$3,000 a day or \$5,000 a day here; we'll go somewhere else.' These are very good earners for regional Queensland. It seems to be a pity to lose their custom when they would probably be very environmentally aware.

CHAIR—I am not sure that that is a question, Senator Boswell.

Senator BOSWELL—It is a plea to try and get some accommodation for these boats, because the people on them are huge spenders in these regional areas. As the doctor said, tourism is really in the doldrums up there and the people on these boats spend a huge amount of money when they get around.

CHAIR—I think your plea has been heard. As there are no further questions, I thank Dr Reichelt.

[9.50 pm]

Sydney Harbour Federation Trust

CHAIR—Mr Bailey, would you like to make an opening statement?

Mr Bailey—No.

CHAIR—Are there questions of Mr Bailey?

Senator FISHER—Regarding the appointment of board members to the trust, I understand from the website that the terms of appointment of the then existing board expired at the end of September last year. What has happened with the appointment of a new board?

Mr Bailey—As you will recall, the expiry of the terms of the former board members coincided with the election period and its aftermath and then we ran into Christmas. In answer to your question, I know that the parliamentary secretary is actively considering that issue right now and will be making an announcement about that in due course.

Senator FISHER—What does that mean? It is almost six months overdue—the election and Christmas were some time ago. What does ‘in due course’ mean?

Mr Bailey—It means that it is a decision for the parliamentary secretary and the minister to make, and not for me.

Senator FISHER—So you still do not know?

Mr Bailey—At this stage the board has not been appointed.

Senator FISHER—Can you say at what stage the appointment process is?

Mr Bailey—It is at a very advanced stage.

Senator FISHER—Is it at a very delicate stage? Why can you not tell us more?

Mr Bailey—No, but I think those are questions you need to address to the parliament secretary rather than to me.

Mr Tucker—The appointment of the board is not Mr Bailey’s responsibility—Mr Bailey works under the board. We are providing advice to the government so that a board, as Mr Bailey said, can be appointed as soon as possible.

Senator BIRMINGHAM—Perhaps Senator Farrell could provide some assistance in relation to this questioning.

Senator FISHER—Indeed.

Senator Farrell—I have been given some very good advice by the department, which I am following. The board will be appointed in due course.

Senator FISHER—That is even less informative than what Mr Bailey was able to say.

Senator Farrell—That is my answer. You can take it or leave it.

Senator BIRMINGHAM—The previous board members terms have expired, haven't they?

Mr Bailey—They have.

Senator FISHER—In September last year.

Senator BIRMINGHAM—So you are currently without a board.

Mr Bailey—Correct.

Senator BIRMINGHAM—Is this impeding your operations or your progress in making decisions? Last year was a momentous year, in terms of getting your MoU through the Department of Defence.

Mr Bailey—Actually, that was the year before.

Senator BIRMINGHAM—The year before! Time flies.

Mr Bailey—It does. At this stage, no, it is not impeding our operations—obviously, it is not a situation that can continue for too long. The board that was in place was there for the best part of 10 years. My task and the task of the staff of the trust is to implement the policies of the board. As the board was in place for that period of time, most of the major operational issues have been well and truly resolved. The Christmas period is a quiet period for the board of the trust, in any event. The trust's operations are continuing in accordance with the plan that was laid down eight years ago—it is not quite complete—and all of the attendant policies that come with that.

Senator FISHER—How do you manage to occupy yourselves and your team if you do the bidding of the board but you haven't got a board to bid you?

Mr Bailey—As I said before, the board has put in place a range of policies. The primary one is the Comprehensive Plan, which was a plan of action—a capital works plan and a policy plan—for all of the trust sites. That involved the remediation of the sites—the decontamination and the rehabilitation of all the services and buildings. We are getting towards the end of that plan now.

Senator BIRMINGHAM—Does the trust need to make a bid in the government's budgeting process for 2011-12 and the forward years?

Mr Bailey—The trust is self-funding. It has been for this last year. That does not preclude us making bids in the future, but at this stage we are operating on the revenues we generate ourselves.

Senator BIRMINGHAM—That is probably a good thing because it would probably be a little hard for you to get a board to approve your making a budget pitch to the minister at present.

Mr Bailey—Probably.

Senator FISHER—We await the outcome in due course.

[9.55 pm]

Department of Sustainability, Environment, Water, Population and Communities

CHAIR—I now call officers from the department in relation to program 1.1, Sustainable Management of Natural Resources.

Senator SIEWERT—I would like to ask about the Great Barrier Reef Marine Park Structural Adjustment Package and the report that was fairly recently released. How much was spent in total under the structural adjustment process?

Mr Oxley—The total amount spent under the package was \$215 million.

Senator SIEWERT—What was the gross value of production of the displaced effort as a result of the new zoning plan?

Mr Oxley—There was approximately \$14 million worth of production—annual catch value based on beach prices—displaced as a result of the rezoning of the Great Barrier Reef Marine Park. Under the licence buyout program, which we ran to remove an equivalent amount of catch and effort quota entitlements from the GBR Marine Park, we purchased about \$17 million worth of catch value.

Senator SIEWERT—I will put some questions on notice because I have quite a few questions on your annual report. I particularly want to ask you, firstly, why you think the cost overruns were so substantial in the project? Secondly, the report describes the special circumstances of pleading and gaming by applicants. Can you comment on that? How did you deal with it?

Mr Oxley—I will address the first question first on the substantial cost overruns. Firstly, the package was changed on a number of occasions over the life of it. Each time essentially the criteria for the package, even the scope of elements of the package, were changed by the government of the day in response to commentary or lobbying—call it what you like—by those sectors which were affected by the rezoning of the Great Barrier Reef Marine Park to the effect that the extent of the assistance was not sufficient to match the extent of the impact. In those circumstances the government of the day made a choice on a number of occasions to adjust the parameters for the package.

Senator SIEWERT—So they were the key reasons for it?

Mr Oxley—They were the key reasons for it. In relation to the observation you raised about gaming of the package, the essential observation I make is that, because the package ran over a very long period of time, as a number of key financial advisers in the space of providing advice to impacted businesses got to understand the individual case histories of their body of clients and their experiences in applying for adjustment assistance they became better at understanding the decision-making framework of the department in terms of how a successful claim would be assessed and then a payment made. They were able to draw on that body of knowledge they had gathered over time to refine and improve the quality of the applications that were made.

Senator SIEWERT—That sounds a bit different to the circumstances that were described in your report about how applicants participated in the process. You say ‘refined applications’. Was that that they knew what to ask for?

Mr Oxley—Yes, it is in terms of what they knew to ask for. The starting frame of reference for applicants under the GBR structural adjustment package was that they needed to be able to demonstrate an impact caused by the rezoning of the GBR Marine Park. In addition to being able to demonstrate that there had been an impact they needed to disaggregate that impact from a range of other factors which were occurring at the time. There were some major adjustments in the coral trout fishery which affected a number of species. There were effects on the economics of fishing caused by a significant escalation of diesel prices at the time, which impacted on the profitability of fishing operations.

The department found very quickly that the applications coming forward were not able to demonstrate that the impacts they were experiencing were attributable in their entirety to the rezoning of the marine park, so the department invested quite some significant effort in building a series of tools that helped individual businesses to quantify the impacts that were associated with them. We moved more towards a formulaic based approach of identifying what the impacts were for individual businesses. If an individual business were to accept the department’s proposal as to what that impact was then we went on and provided adjustment assistance to respond to that level of impact. So over time, because of the experience that the financial advisers had and the improved quality of data and tools made available by the department to assist applicants in getting access to assistance, the financial advisers in particular with deep experience in the program were able to achieve the best possible outcome for their clients.

CHAIR—Senator Siewert, I am not sure how many more questions you have got or whether you going to ask Mr Oxley any more questions, but if you ask Mr Oxley more questions and the answers are that length we are going to have a real problem.

Senator SIEWERT—Okay. I put the rest of my questions on that particular item on notice—

CHAIR—If you want to come back, we will go to Senator Abetz next and then I will come back to you in 1.2.

Senator SIEWERT—I do have some more marine questions that if I get a chance I will ask or I will put on notice. I do want to ask my dieback question in 1.2.

Senator ABETZ—If I may quickly go to Macquarie Island, did baiting cease in June 2010? If so, why? If I can try to lead the witness, to assist with time, was it because of the unprecedented number of bird deaths?

Dr Terrill—Yes, what you have outlined is correct. There were an unexpected number of bird deaths. Those bird deaths have been investigated and the conclusion is that the baiting program should continue albeit in a modified form.

Senator ABETZ—So the \$1.3 million worth of bait, which is what I have been told, on Macquarie Island will continue to be used?

Dr Terrill—I will have to check that. I am not sure of the number.

Senator ABETZ—Take the dollar value on notice, please.

Dr Terrill—Yes.

Senator ABETZ—So we believe that that which is currently on Macquarie Island can continue to be used, it is not out of date.

Dr Terrill—Again I will check the details of the baiting for you.

Senator ABETZ—I would be much obliged. So there is no doubt that the baiting ceased in June 2010 because of the number of bird deaths.

Dr Terrill—That is right. There was an inquiry into the best way in which to proceed and, as I outlined, the decision was that it is better to keep proceeding. If in fact the program stops, it is absolutely certain what will happen, which is that all those would be wiped out. Is one of those very difficult situations. There have been the unfortunate high collateral deaths, higher than was expected.

Senator ABETZ—When was it decided to resume the baiting program?

Dr Terrill—After the review that took place. After the high number of bird deaths had been discovered there was a review that took place to determine the way to proceed.

Senator ABETZ—When did that review finish?

Dr Terrill—The review finished late last year.

Senator ABETZ—So if somebody were to say that unseasonal weather on Macquarie Island during June and July hampered efforts to complete aerial baiting, that would be wrong.

Dr Terrill—Certainly unseasonal weather always hampers efforts with aerial baiting. It is one of the single biggest risks there and it did compromise the efforts that were underway last year, there is no question about that.

Senator ABETZ—Yes, but in June 2010 you had already decided to pull the program because of the unprecedented number of bird deaths. Therefore no baiting occurring later in June and not in July could not have been related to the weather.

Dr Terrill—The weather did hamper efforts to continue other activities. There were a number of associated activities, so it was a combination of factors. Some of the preparations for further work on that, some of the clearing of the carcasses—

Senator ABETZ—Yes, but not aerial baiting.

Dr Terrill—That is right.

Senator ABETZ—So to assert that unseasonal weather on Macquarie Island during June and July hampered efforts to complete aerial baiting is incorrect.

Mr Murphy—The program ceased last winter because of the adverse weather, so the inquiry into the bird deaths followed when the baiting physically stopped.

Senator ABETZ—So why did baiting cease? Was it the weather or because of the unprecedented number of bird deaths? We have got Dr Terrill telling us that it was the number of bird deaths. You are now telling us it was the unseasonable weather.

Mr Murphy—It was due to the adverse weather. There essentially was not enough time left in the season to complete the program.

Senator ABETZ—So when did the unprecedented number of bird deaths come to your attention?

Mr Murphy—I have not got the exact date here, but after the program had stopped for winter. Essentially, it was reviewed during the program. The weather window to fly the helicopters to deploy the baits was very small. There were only a few days available. Approximately eight per cent of the surface area of the island was baited and there was not going to be enough time left in the season to complete the baiting before all the migratory birds returned. So it was decided then to stop. Bird deaths were discovered after that. We do not think the birds were directly eating the baits; most of the birds died from eating the carcasses of things that had eaten the bait.

Senator ABETZ—Did you write a letter to a Mr Ian Rist on 12 October 2010 in which you said:

While some undesired deaths of birds were anticipated as an unavoidable consequence of the Macquarie Island pest eradication program, the level of deaths was higher than expected ... Baiting ceased in June 2010 and will not recommence until a review of bird deaths is complete.

Mr Murphy—That sounds like a letter I wrote to Mr Rist.

Senator ABETZ—Nowhere in that have you mentioned the weather as the rationale for stopping the program. Why not?

Mr Murphy—I imagine the response was to do with the bird deaths rather than the cessation of the program per se, but I would have to look at Mr Rist's letter and my response.

Senator ABETZ—Or at your letter to Mr Rist, because that is what it tells us. If you could please take the following on notice: provide some detail as to when 'the level of deaths was higher than expected' was first noticed, when the program stopped, when the review was completed, when it was decided to recommence and when the program recommenced—if it has by the time you deal with those. I would be much obliged if you could answer those questions for us.

I will move onto the importation of fox scats into Tasmania. Does the federal department have any involvement in that?

Mr Flanigan—I do not believe we have any involvement in this portfolio. This is recollecting previous discussions?

Senator ABETZ—Yes. As I understand it, federally we fund the program substantially and there is now the question being asked as to whether the importation of fox scats could potentially reintroduce hydatids into Tasmania, which is a matter of very real concern. If you could take that on notice—

Mr Flanigan—So it is particularly a question about the hydatids?

Senator ABETZ—Yes, because the state government thought it would be a good idea to import 600 of these scats to try to help dogs find the foxes that people are starting to believe do not actually exist. We are spending many millions of dollars on trying to eradicate this fox

that does or does not exist—I will not go there. But to import 600 of the fox scats with the potential of reintroducing hydatids into Tasmania was, to my way of thinking, not a clever idea. I just want to know whether there was any federal involvement or regulation in relation to that or, as I suspect, if it was all the Tasmanian government's good idea. You guys, I assume, would then be off the hook, but I just want that confirmed.

Mr Flanigan—I will check with my colleagues in DAFF.

Senator ABETZ—Thank you very much for your forbearance.

CHAIR—Are there any further questions on program 1.1? There being none, I thank you, Mr Flanigan.

[10.14 pm]

CHAIR—I now call on officers from the department in relation to program 1.2, Environmental regulation, information and research.

Senator SIEWERT—Could I ask about the dieback threat abatement plan and where that is up to?

Mr Oxley—Yes. The department is still in the process of reviewing options for a renewal or an updating of the threat abatement plan that was disallowed by the Senate back in November 2009.

Senator SIEWERT—What does that mean—‘still considering options’? Have you started the process of redrafting it, or consultation?

Mr Oxley—We have started a process of consultation in terms of the updated scientific information that might be available to the department that would inform a revised approach to dealing with that threat.

Senator SIEWERT—And what form is that consultation taking?

Mr Oxley—Earlier this month the department wrote to a number of scientists who we understand would have knowledge and expertise in this area and asked for them to provide any advice or evidence they would have to the department in relation to phytophthora cinnamomi.

Senator SIEWERT—What is your time line for getting an updated draft?

Mr Oxley—I am not at this stage inclined to make a prediction about how long that might take. I understand the urgency that you would ascribe to it. To be clear about it, the work on phytophthora cinnamomi is competing with a number of other significant threats for attention within my division.

Senator BOSWELL—My questions probably go to Mr Oxley. How much money has been allocated in the 2010-11 budget in forward estimates for developing and finalising the draft plans for the bioregional marine park for the south-west and the north-west?

Mr Oxley—The allocation for this financial year is, I believe, \$8.1 million. It is a lapsing program. So it is subject to review in the context of the 2011-12 budget.

Senator BOSWELL—Can you give us some idea of when the plans will be released—the marine bioregional plan for the south-west, followed by the north-west and then the north?

Mr Oxley—The government's election commitment in relation to marine bioregional planning is that the plans would be completed by the end of 2011. Built into that, we have a 90 day consultation process on each of the draft plans. The likely sequence in which the plans will be addressed is: the southwest first—that was the initial commitment in the election commitments of last year—and then the other three regions would follow, all in a time frame to enable the plans to be completed by the end of this calendar year. Subject to the minister's discretion, of course, as to the timing of the release of each of the plans, we would expect to see the south-west plan released for public consultation in the window of the next couple of months.

Senator BOSWELL—What about the displacement policy—when will that be released?

Mr Oxley—The commitment that the government has given is that the displaced activities policy would be released before the first marine bioregional plan—so before the south-west plan.

Senator BOSWELL—I know that it is going to be released before that plan, but when will it be released? Will it be released next week, the week after or when?

Mr Oxley—Senator, the timing for the release of government policy is a matter for the minister to determine.

Senator BOSWELL—Will you do a study on the social and economic impact of the plan on the areas in the northern zone—that town in the gulf?

Mr Oxley—Each of the marine bioregional plans and the associated network of Commonwealth marine reserves will be put out for public consultation. The intention is that a socioeconomic impact assessment will be undertaken and that that socioeconomic impact assessment will be a key input into the making of a regulatory impact statement that would accompany the final decisions around a marine reserve network for each of those regions.

CHAIR—Senator Boswell, do you have any further questions?

Senator BOSWELL—I have a number of questions. Can you provide a full list of agencies, organisations, including environmental groups, that the federal government has consulted during the bioregional marine planning process and the development of its displacement policy?

Mr Oxley—The department has provided answers to a number of questions on notice over the past 12 months, where we have outlined in quite some detail each of the organisations—

Senator BOSWELL—Could you tell us—

Mr Oxley—which have been consulted. I am happy to provide an update of that list to cover any groups which we have newly consulted since we last provided answers to questions from the Senate.

Senator IAN MACDONALD—Can I perhaps help the Senate by indicating that, sure, you did give us that information but it arrived, would you believe, on 15 February. So I can understand that Senator Boswell may not have seen it yet. It is only by good fortune that I happened to see it. But it is there.

Senator BOSWELL—Okay. The latest is 15 February and that is when the advice has gone in. So obviously there will not be very many people consulted after that.

Mr Oxley—Senator, I would not expect that there would be a significant lengthening of that list but, to the extent that there are more organisations or individuals who have been consulted, I am happy to provide those on notice.

Senator BOSWELL—Has the government consulted with organisations such as the Pew Charitable Trusts, the World Wildlife Fund and the Australian Conservation Foundation about the development of its displacement policy and the development of the bioregional marine parks?

Mr Oxley—If I can draw a distinction between the development of the displaced activities policy and the development of the marine bioregional plans and associated marine reserve networks, the Stakeholder Advisory Group that was initially established to provide advice to the government on its displaced activities policy included a range of stakeholder representatives, including from the commercial and recreational fishing industries. A representative from WWF was also on that Stakeholder Advisory Group. In relation to the marine bioregional planning program more broadly, a very wide range of stakeholders have been consulted, including each of the organisations which you mentioned in your question, as has the National Seafood Industry Alliance and its various state fisheries organisation members and the Commonwealth Fisheries Association.

Senator BOSWELL—So all of those organisations have been consulted?

Mr Oxley—All of those organisations have provided input to the government through consultation processes.

Senator BOSWELL—What consultation has occurred with key stakeholders in the development of federal government displacement policy? Which stakeholders have been involved in the consultation process? This is in relation to the displacement policy.

Mr Oxley—The development of the displaced activity policy has been ongoing over probably the best part of two years now. We have provided answers to a number of questions on notice. I think there were quite a few from Senator Colbeck previously about the composition of the stakeholder advisory group. It has been through the stakeholder advisory group that we have done a reasonably large amount of the consultation, and as part of that a number of different organisations have provided submissions to the department about what in their view should and should not be included in the displaced activities policy. That included the Commonwealth Fisheries Association on behalf of all fisheries organisations, as an example, but it also included engagement with the Australian Petroleum Production and Exploration Association and representatives of the recreational fishing sector more broadly.

Senator BOSWELL—Can you give us a list of those stakeholders? You mentioned some of them. Can you give us a comprehensive list?

Mr Oxley—Yes. We will provide you with a list that adds to that already provided by the department in answers to previous questions on notice.

Senator BOSWELL—I have one more and I will put the rest on notice. What funds are allocated in the forward estimates to compensate any person or business potentially affected

by a displacement policy which affects commercial or recreational fishers and the local communities which support their industries?

Mr Oxley—There are no identified funds in the forward estimates. We first need to get to the point where we have a proposed network of marine reserves. We need to have an understanding of the extent to which, if any, there is displacement of commercial fishing activity or other activities. It is at that point in time that we will be contemplating the scope, scale or extent of any structural adjustment package, should it be required.

Senator BOSWELL—I just want to follow that question up. If there are no funds currently allocated, does that mean the government has not factored in compensating affected businesses and recreational fishers who are disadvantaged by the displacement policy?

Mr Oxley—No. You cannot draw that conclusion from the answer I just gave.

Senator BOSWELL—There is no money in the forward estimates. There is \$8 million here. Where is the money going to come from if there is displacement? If there is business disruption, where is that money going to come from?

Mr Oxley—Questions of funding for government programs are dealt with and resolved through the budget process, and we are working—

Senator BOSWELL—But there are also forward estimates where you are going to put a policy in place and then you provide money for it.

Mr Oxley—Yes, that is correct, and it is a common practice of government that the year in which program expenditure is first anticipated precedes the budget process where funding decisions are given effect. It does not follow that a decision would be made in any given year for an outcome that may occur in two or three years time.

Senator BOSWELL—So you are going to put a marine park around Australia and you have not made any estimate of what it is going to cost. You are going to put 16 million square miles under marine parks. There will be a certain amount of closures in that and there are no funds allocated.

Mr Oxley—I am not aware of any intention to put 16 million square miles—or kilometres, whichever it was you suggested—under marine parks. The question of estimations of what adjustment assistance might be made is the subject of advice by the department to the minister.

CHAIR—Senator Boswell, how are you going there? Your colleagues are queuing up to ask questions. You can just sort it out between yourselves.

Senator BOSWELL—This will be the last one.

Senator IAN MACDONALD—We wasted 20 minutes on that long dissertation from the bureau, but anyhow.

Senator BOSWELL—Have any of the following organisations been contracted by the government to provide consulting services in the development of bioregion marine parks policy or displacement policy: Pew, WWF or ACF?

Mr Oxley—Have they been contracted by the department to provide consultancy services? No, they have not.

Senator BOSWELL—I will put the other two questions on notice then.

Senator FISHER—Regarding the marine parks in the South-west Marine Region, I understand that during the election campaign the government committed to releasing its draft plan within three months of the election. That has not happened. When will the draft plan be released?

Mr Oxley—The indication that I gave to Senator Boswell a few minutes ago was that my expected window—and it is subject entirely to when the minister is ready to start the public consultation process—is in the next couple of months.

Senator FISHER—What in theory could the no-take zones be?

Mr Oxley—You are asking me to speculate on a hypothetical and I am not sure I can do that.

Senator FISHER—Could they be 100 per cent?

Mr Oxley—I am not going to speculate.

Senator FISHER—All right. Thank you.

Senator BIRMINGHAM—In relation to the approvals that were given for the regulator at Clayton and the bund at Narrung in the Lower Lakes and associated approvals there, has there been any correspondence between the department or the government and the South Australian government about the removal of these bunds or regulators?

Mr Burnett—We need to distinguish between the two. Ms Jones will be able to give us some more detail but I think we may have been in receipt of some correspondence recently.

Ms Jones—That is correct. We received correspondence from the South Australian department today about the removal of the bunds. I might just find that piece of information for you, if I may.

Senator BIRMINGHAM—Perhaps because time is so tight, could I ask that that be tabled please, Ms Jones?

Ms Jones—Certainly.

Senator BIRMINGHAM—Is that all the correspondence between the two governments in relation to these separate approvals?

Mr Burnett—On the bund, and with EPBC, there are also dealings between the South Australian government and the water area of the department about funding matters, but we are only talking about EPBC matters. This is the only recent significant correspondence but Ms Jones may be aware of other correspondence.

Ms Jones—I am not aware of other correspondence.

Senator BIRMINGHAM—At present the department has not identified that the South Australian government is in breach of any approvals that were given and written to the government of South Australia about these matters?.

Mr Burnett—No, I do not think we have given any approvals in relation to the bund.

Senator BIRMINGHAM—We have, though, in relation to the Clayton regulator?

Mr Burnett—Yes, that is correct.

Senator BIRMINGHAM—There were applications pending for continuance of the Clayton regulator and there has been a long-standing application relating to the Wellington weir. Have they all been withdrawn now?

Mr Burnett—No, they are still in process.

Senator BIRMINGHAM—In process, but are you still anticipating further documentation from the SA government to secure their approval?

Mr Burnett—With the Wellington weir—I am relying on my memory—I think the South Australian government may have made an announcement in relation to that. That may be something that you are more familiar with than I am but in terms of the statutory process, we have not had any official advice from South Australia other than the current status, which is that we are waiting for South Australia to lodge with us a draft environmental impact statement. I think that was the case when you last raised this.

Ms Jones—If I can clarify one point, the correspondence I received was in relation to the Narrung bund, not the temporary regulators—if you are still interested in that information.

Senator BIRMINGHAM—I am very much interested in that, Ms Jones. If you are able to table it we will circulate it. That is all on EPBC from me now.

Senator IAN MACDONALD—On the Reef and Rainforest Research Centre, as I say, on 15 February—or two days ago—you gave me answers to questions I asked in October. What is the current situation of the RRRC?

Dr Gunn—I believe your question was a follow-up to the answer to the question on notice that you received recently.

Senator IAN MACDONALD—The question was: what is the position of the RRRC at the moment? Are they being funded?

Dr Gunn—The RRRC is a company that is currently administering the MTSRF rollout to, I believe, 31 March. They have just asked for an extension on their final work under the MTSRF. So, yes, they are funded. I think the advice we gave you recently was in answer to the question you asked at the last estimates, where about \$1.14 million had been disbursed through the RRRC to 18 October. That is now a \$1.6 million balance paid to date, and there is a further \$400,000, assuming that all milestones are met, to go through the RRRC on 31 March 2011.

Senator IAN MACDONALD—What happens to the RRRC at the end of next month?

Dr Gunn—They have a contract for the MTSRF program. The MTSRF program lapses at that time. After that we have a new program, as you are well aware—the National Environmental Research Program, NERP—for which we have tenders, and we are evaluating tenders at the moment.

Senator IAN MACDONALD—You were evaluating tenders last time we met.

Dr Gunn—Yes, we are still in negotiation with the successful tenderer.

Senator IAN MACDONALD—That is, what, four months ago, and you are still evaluating?

Dr Gunn—I can tell you that we are very advanced in getting a contract.

Senator IAN MACDONALD—I think they are the exact words Mr Richardson used not at the last estimates but the previous estimates: ‘We are very close to a decision.’ So I held my breath for two days and here we are now, six months later, and we are still in the same position.

Dr Gunn—I can tell you that at the last Senate estimates we said that we were in final negotiations of what the contract would look like. We now have a contract that has gone back and forth between the successful tenderer—or at least the notionally successful tenderer—and the department.

Senator IAN MACDONALD—We still do not publicly know who it is.

Dr Gunn—We cannot let that be known until the contract is signed.

Senator IAN MACDONALD—One would almost expect some conspiracy happening around here.

Mr Tucker—Can I add that there have been some very complex legal issues which the successful tenderer has been extremely worried about as well, and they have had to work through on their side and we have had to work through on our side. We want to make sure that we get something that is workable for the tenderer as well as for us. As Dr Gunn said, we are extremely close.

Senator IAN MACDONALD—Will this be a final ministerial tick-off or is it something departmental?

Dr Gunn—It is departmental. I should say that, as Mr Tucker said, this has been a very involved legal discussion. I have got to say that when the last Senate estimates was held, there was a question as to whether the successful tenderer could actually engage with the department. We have through those discussions successfully negotiated a position.

Senator IAN MACDONALD—So you cannot tell me who it is, but the successful tenderer has been selected subject to a successful negotiation?

Dr Gunn—A successful negotiation.

Senator IAN MACDONALD—Okay. I will try again next estimates. Thank you.

Mr Tucker—Hopefully, Senator, it will be announced before next estimates.

Senator IAN MACDONALD—I would certainly hope so. Thank you, Mr Tucker. Can you make sure I get a copy of the press release?

CHAIR—We are all done on program 1.2. Thank you, Dr Gunn.

[10.38 pm]

CHAIR—We now go to outcome 2, program 2.1, Reduction in management of waste, hazardous substances, pollutants, ozone depleting substances and synthetic greenhouse gasses.

Senator McEWEN—I would like to have an update on the national stewardship scheme, please.

Dr Wright—The Commonwealth is developing framework legislation anticipated for introduction in the autumn sittings of parliament. The bill is currently being drafted and we are hopeful that we will meet that timeframe. Underneath the legislation will sit regulations which will cover different products as they come forward. The first of these will be for a television and computer scheme. It is expected that the regulations will be ready and in place following royal assent of the bill. They will come along in tandem with the legislation.

Senator McEWEN—So both the bill and the regulations are in preparation at the moment.

Dr Wright—That is correct; yes.

Senator McEWEN—What is the aim of the bill in relation to increasing recycling rates? What are the target amounts?

Dr Wright—The bill will provide for many forms of product stewardship and the details will be set by regulation so, for example, for the National Television and Computer Product Stewardship Scheme there is an overall target, which the Commonwealth has already agreed to, of 80 per cent recycling within 10 years, but the details of expectations on the ramp rate of that will be specified in the regulations.

Senator McEWEN—Thank you very much.

Senator LUDLAM—I would like to put on the record that I have quite a few questions for the waste management folks. I know there is a lot going on and you will be very disappointed to know that I am going to put those questions on notice. We have spent much of the day explaining high-school-level environmental science concepts to coalition senators and I apologise that we have wasted a big chunk of your day. I will leave it there.

[10.42 pm]

CHAIR—I now call on officers from the department in relation to outcome 3, program 3.1, Antarctic science policy and presence.

Senator BIRMINGHAM—Welcome again. It is nice to see you. I was surprised to see the bulk of this money in your budget line. The anti-whaling strategy international legal action appears as part of 3.1 in the additional estimates statement. An extra \$600-odd million per annum through your program area, and an extra \$200 million through 1.2. I refer to page 25 of the additional estimates statements.

Ms Maddock—That is thousands, Senator. If only!

Senator BIRMINGHAM—Yes, indeed. Good pick up nonetheless. There will be lawyers' fees in any event.

Ms Maddock—I was hoping for a new ship.

Senator BIRMINGHAM—What role does the division have in the legal strategy that is being pursued?

Dr Gunn—As you know the marine division takes the lead on the policy side and the negotiation side through Ms Petrachenko. My branch, the science branch of the Antarctic division is the scientific support unit for that. So a large part of the early work in the legal

case is to provide the scientific basis for our case. That funding essentially allows us to contract in some experts to help us with the case preparation.

Senator BIRMINGHAM—So this is funding that will stay with the division and be used by the division in your own acquiring of additional research, additional expertise, contracts with others et cetera. It is not, to be clear, money that is going to be passed through to the Attorney-General to fund lawyers.

Dr Gunn—My understanding—and you really should check back with the marine division on this—is that we have a set budget for allocation of contractors to support the scientific part of the case only. There is a separate budget, I think, in the MPP, that covers the legal expertise.

Senator BIRMINGHAM—Has the AAD been given as brief as to what research is required and what outcomes you are expected to produce with this additional \$600,000 for each of the years in the forward estimates?

Dr Gunn—To be clear, there is no new research being done to support this case at the moment under this budget. This is very much running through all of the, for instance, Japanese scientific whaling information, their reports and the all the papers that they have written to review the efficacy of that work and how valid the case that they are going to put really is. So synthesis preparatory work rather than original research has been funded.

Senator BIRMINGHAM—In relation to the legal action, the funding has been given over the entire period of the forward estimates. When does the department expect this matter to get before the ICJ?

Ms Schweizer—The timetable for the case before the ICJ has been out for some time. Australia is required to lodge its memorial on 9 May this year. Japan is then given until 9 March 2012. Some time after that, the court may schedule hearings to discuss the two cases. There are a number of matters that may come up, so we are talking a couple of years at a minimum. It is difficult to give the exact time as to when any sort of decision might come down, because it depends on both memorials being lodged and the number of issues that the court may wish to explore.

Senator BIRMINGHAM—Is there capacity to pursue an interim injunction at all.

Mr Tucker—These matters are run by the Attorney-General's Department. We provide input to them. In terms of the case and legal matters, they are run by the Attorney-General's Department in this instance.

Senator BIRMINGHAM—Thank you, Mr Tucker. Mindful of the time, I will put my other questions on notice.

Senator FISHER—I have one question on this matter. Does your division monitor Japanese whaling in the Southern Ocean and collect evidence or anything like that?

Ms Schweizer—No.

[10.47 pm]

CHAIR—I now call officers from the department in relation to outcome six, program 6.1, affordable housing.

Senator LUDLAM—I will rip through these questions quickly. There will be a bunch that I will submit on notice. Can you tell us what the status of the NRAS advisory group is? It met once, as far as I am aware. Does it still exist? Is there an intention to have it meet again?

Mr Shevlin—Yes. The group met once, as you said, in August last year. Yes, the group still exists. The minister agreed recently that that group would provide advice to him on measures that might improve the implementation of the scheme, so we expect that that group will meet again soon.

Senator LUDLAM—Was that decision taken subsequent to the funding being restored to NRAS, albeit with some delay?

Mr Shevlin—No, it was taken before then. The minister has had several discussions with the affordable housing sector and agreed as part of those discussions that that would be useful.

Senator LUDLAM—Any idea when they may meet again?

Mr Shevlin—All I can say is soon. The minister has indicated that he wants it to happen, so it is up to us to now organise that.

Senator LUDLAM—Can you tell us what the current status is of the National Housing Supply Council? Has it been effectively disbanded? Is there a plan in place to appoint a new one?

Mr Shevlin—No, it has not been disbanded. A number of the members of the council had their terms expire at the end of August last year. There is action underway to finalise appointments to the council.

Senator LUDLAM—I was going to ask you to go through the current status of NRAS, given that it has been pretty topical, but I will ask you to take on notice some questions to provide some metrics for tenanted dwellings. There are dwellings under construction, due to commence and recently approved, perhaps you can do that for the last three months, or whatever time lines you use. How many in total have been approved and how many at a six-star BCA standard? I understand that is fairly high, but would you give us some idea of that on notice.

Mr Shevlin—Yes.

Senator LUDLAM—Also, what is the average period of delay from time of application to time of approval? I understand that some of these projects are large and complex and can take time.

Mr Shevlin—The average processing time is 10 to 12 weeks, of which the Commonwealth's time is an average of about eight weeks. Under the NRAS regulations, we need to complete the whole process anyway in a maximum of six months.

Senator LUDLAM—I am interested to talk about vacant dwellings and residential vacancies in Australian capital cities. The last figures that I am aware of come from the 2006 census. Is the department sitting on any information at all on the number of residential dwellings, which would bring that up to date? It is something in the order of 50,000 vacant dwellings in metropolitan Perth and there are similar high numbers around the country. Do you have anything that is more up to date than 2006?

Mr Shevlin—We have the 2006 data. The National Housing Supply Council has had a look at that data as well. They noted that the majority of those vacant dwellings are not actually located in areas where there is high demand. For example, you get a lot of vacant dwellings where there are a lot of holiday houses, so they are vacant but they are not, if you like, available for permanent tenancy.

Senator LUDLAM—That is interesting. I will ask you to also take these questions on notice. Can you provide us with a breakdown of as much information as you have on where they are and for what reason there is such an enormous number of vacant dwellings? I was a bit surprised to see the size of the numbers.

Mr Shevlin—We will certainly have a look and see what data we do have.

Senator LUDLAM—Has there been a recent audit of the amount and location of government owned land that could be re-allocated to affordable housing?

Mr Shevlin—There is an annual land audit that is required. I will try to find the exact date for that.

Senator LUDLAM—On notice is fine. Would you also provide a list of government owned land by department, location and size? Finally, I bring you back to my question on vacant residential land. Do you have any reasonably up-to-date metrics on vacant commercial space in our largest cities?

Mr Shevlin—I will have to take that one on notice.

Senator LUDLAM—I thought you might.

Senator PAYNE—I want to go back to the National Housing Supply Council. Can you confirm for me, Mr Shevlin, that the only member of the National Housing Supply Council who has any status at the moment is the chair?

Mr Shevlin—That is correct. The chair's appointment extends through to May.

Senator PAYNE—May of this year?

Mr Shevlin—That is correct.

Senator PAYNE—So what has the council been doing, if anything, since August last year?

Mr Shevlin—The majority of the members' terms expired at the end of August, so the department has been working to progress the necessary underpinning research to inform the next state of supply report.

Senator PAYNE—Will that include reference to the observations in the red book for this department about membership of the council, including better representation from the social housing sector and, perhaps, local government?

Mr Shevlin—Decisions about membership of the council are for the minister.

Senator PAYNE—What is the timing for the decision on the membership of the council?

Mr Shevlin—We are expecting an announcement in the near future.

Senator PAYNE—This quarter?

Mr Shevlin—It is a matter for the minister.

Senator PAYNE—I am sure it is. What is the time frame for the council's 2011 report?

Mr Shevlin—Midyear.

Senator PAYNE—So there were no meetings of the council in the latter half of last year?

Mr Shevlin—That is correct.

Senator PAYNE—I have a number of questions on the NRAS, following up on some of Senator Ludlam's questions. Also in the red book there was a reference to NRAS being part of a comprehensive review of Commonwealth housing programs being undertaken by a number of departments. Does this department have any involvement in that review?

Mr Shevlin—That review is part of a COAG agenda, an agreement that there be a review. This department is part of that process, yes.

Mr Thompson—It is a process which is led by Treasury.

Senator PAYNE—What role does this department have?

Mr Shevlin—We obviously provide advice and input in relation to the programs that we are directly responsible for, but also input to reviews of the other programs.

Senator PAYNE—Do you know what the timing of that review is? When is it expected to report?

Mr Shevlin—I understand they are due to report to COAG by the end of June this year.

Senator PAYNE—And is that still the time frame after the changes of reporting timings, particularly through COAG last week?

Mr Thompson—We have not been advised of any change in that timing.

Senator PAYNE—Chair, I seek the advice of the officers. Given the changes in departmental arrangements, is this where I should be asking questions about the housing aspects of the Building Better Regional Cities program?

Mr Shevlin—Yes.

Senator PAYNE—As I understand it, the program was designed to help support 15,000 more affordable homes in regional cities, but money to fund it came out of the Housing Affordability Fund and funds moved from the National Rental Affordability Scheme. How were those programs' targets affected by the redirection of funds to the Building Better Regional Cities program?

Mr Thompson—For the funds that were diverted from the National Rental Affordability Scheme, they came really from deferred savings. An extension in the time line at that stage for the delivery of the 15,000 dwellings target was needed, and so it recognised at the time that there were some delays in the achievement of that target and the rollout of that program. For the Housing Affordability Fund, it was merely a redirection of funds by the government at that stage from that fund to this one.

Senator PAYNE—Mr Thompson, can you tell me what impact that had on the HAF?

Mr Thompson—It would have reduced the number of dwellings to be delivered under HAF and supported the delivery of those dwellings under the Building Better Regional Cities program.

Senator PAYNE—So you have moved them from one box to another basically.

Mr Thompson—They are your words, Senator.

Senator PAYNE—Yes. Now that the Building Better Regional Cities program has effectively also had its funding halved in the decisions around the flood process, what is its target now?

Mr Thompson—Reducing the available funding to \$100 million will mean obviously that the parameters of that program will need to be revised.

Senator PAYNE—When will that happen?

Mr Thompson—We are in the process of working through at the moment what that means for the scale of projects, for example, the number of cities that can be targeted et cetera.

Mr Shevlin—The other \$100 million is going to Queensland, to flood affected areas, and may well assist some of the same councils that were being supported under the Building Better Regional Cities program.

Senator PAYNE—Do you mean through the directional refocus of NRAS, that \$100 million?

Mr Shevlin—No, it is from the BBRC.

Senator PAYNE—What about the redirection of the remaining incentives in NRAS for disaster relief? As I understand it, the priority for the remaining 13,000 homes will be in that space. What effect does diverting those incentives have on rental markets in other areas?

Mr Shevlin—The government's decision, when it announced this as part of the flood response package, was that priority would be given to assessing applications from flood affected areas. There is no commitment to allocations from those. So in terms of assessing, in terms of the order, we will look first at the flood affected areas, but as with all elements of the program, it is a partnership between us and the states, so it is also dependent on where the states put their priorities.

Senator PAYNE—Is it expected that those incentives will add new housing stock, or simply be used to replace damage done by the floods and other disasters that they are addressing?

Mr Shevlin—We would expect them to add new housing stock.

Senator PAYNE—I will put other questions on notice, Chair.

CHAIR—It is 11 o'clock, so I ask for any other questions to be placed on notice. I also indicate to the department that, in relation to outcomes 5 and 7, programs 5.2 and 7.1 'Conservation and Protection of Australia's Heritage', questions will be placed on notice. There will be no need to come back tomorrow morning. That concludes today's examination of the sustainability, environment, water, population and communities portfolio. Senators are reminded that written questions on notice should be provided to the secretariat by close of

business on Monday, 28 February. The committee has set 8 April 2011 as the date by which agencies must return answers to questions on notice. I thank the minister and officers for their attendance. I thank Hansard.

Committee adjourned at 11.00 pm