



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

ENVIRONMENT, COMMUNICATION, INFORMATION
TECHNOLOGY AND THE ARTS LEGISLATION COMMITTEE

ESTIMATES

(Budget Estimates Supplementary Hearings)

TUESDAY, 4 NOVEMBER 2003

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

SENATE

**ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY
AND THE ARTS LEGISLATION COMMITTEE**

Tuesday, 4 November 2003

Members: Senator Eggleston (*Chair*), Senator Mackay (*Deputy Chair*), Senators Bartlett, Lundy, Tchen and Tierney

Senators in attendance: Senators Bartlett, Eggleston, Lundy, McLucas, Santoro, Tchen and Wong

Committee met at 9.06 a.m.

**COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE ARTS
PORTFOLIO**

Consideration resumed from 3 November 2003

In Attendance

Senator Kemp, Minister for the Arts and Sport

**Department of Communications, Information Technology and The Arts
Executive**

Ms Helen Williams AO, Secretary

Ms Fay Holthuyzen, Deputy Secretary, Communications

Corporate and Business

Mr Craddock Morton, Chief General Manager, Corporate and Business

Mr Frank Nicholas, General Manager, Information Technology & Facilities & CIO

Legal

Mr Don Markus, General Counsel

Finance and Budgets

Ms Jennifer Gale, Chief Financial Officer

Telecommunications

Mr Chris Cheah, Chief General Manager, Telecommunications

Mr Colin Lyons, General Manager, Telecommunications Competition & Consumer
Branch

Mr Brenton Thomas, General Manager, Enterprise, Infrastructure Branch

Mr Simon Bryant, General Manager, Regional Communications Policy Branch

Mr Colin Oliver, A/g General Manager, International Branch, or

Ms Caroline Greenway, A/g General Manager, International Branch

Broadcasting

Dr Simon Pelling, A/g Chief General Manager, Broadcasting

Mr Gordon Neil, General Manager, Licensed Broadcasting

Mr Rohan Buettel, General Manager, Public Broadcasting

Ms Trish Barnes, A/g General Manager, Digital Broadcasting & Spectrum Management

ICT Industry and Intellectual Property

Dr Beverly Hart, Chief General Manager, ICT Industry & Intellectual Property Division

Mr Philip Allnutt, General Manager, ICT Industry Development Branch

Mr Michael Sutton, General Manager, ICT Innovation Branch

Ms Kylie Browne, General Manager, Intellectual Property

Mr James Barr, General Manager—Regional Communications Initiatives Branch

Arts and Sport Division

Ms Lynn Bean, Chief General Manager, Arts and Sport Division

Ms Karen Gosling, Special Adviser, Collections and Governance Branch

Mr Peter Young, General Manager, Film and Digital Content Branch

Ms Megan Morris, General Manager, Arts and Regional Branch

Ms Sally Basser, General Manager, Sport and Private Sector Support Branch

Mr Kevin Isaacs, General Manager, M2006 Taskforce

Old Parliament House (OPH) / National Portrait Gallery (NPG)

Ms Kate Cowie, A/g General Manager, Old Parliament House

Mr Andrew Sayers, Director, National Portrait Gallery

Mr Simon Elliott, Assistant Director, National Portrait Gallery

National Office For The Information Economy (NOIE)

Mr John Rimmer, Chief Executive Officer

Dr Rod Badger, Deputy Chief Executive Officer

Mr Keith Besgrove, Chief General Manager, Regulatory & Analysis Group

Mr Patrick Callioni, Chief General Manager, Govt Services & Information Environment Group

Mr John Grant, Chief General Manager, Govt Services & Information Environment Group

Mr James Shaw, General Manager, Channel Development Branch

Mr Tony Judge, General Manager, Business Strategies Branch

Ms Anne-Marie Lansdown, General Manager, Access Branch & International Branch

Mr David Kennedy, General Manager, Strategy Branch

Mr Ashley Cross, General Manager, Business Environment Branch

Ms Robyn Fleming, General Manager, Information Framework Branch

Mr Steve Alford, General Manager, IMSC/CIOC

Mr Tim Field, General Manager, Corporate & Governance Branch

Mr George Stoyanoff, Manager, Finance

Australia Council

Ms Jennifer Bott, Chief Executive Officer

Dr Catherine Brown-Watt, Director, Major Performing Arts Board

Ms Lisa Colley, Communications Research

Mr Ben Strout, Executive Director, Arts Development

Mr John Wicks, Executive Director, Finance and Services

National Library of Australia (NLA)

Ms Jan Fullerton, Director-General

Mr Gerry Linehan, Assistant Director-General, Corporate Services

National Archives of Australia (NAA)

Mr Ross Gibbs, Director General

Mr Steve Stuckey, Assistant Director-General, Collection Management

Dr Stephen Ellis, Government Recordkeeping

National Gallery of Australia (NGA)

Dr Brian Kennedy, Director

Mr Alan Froud, Deputy Director

National Museum of Australia (NMA)

Ms Dawn Casey, Director

Mr Adrian Brocklehurst, Finance Manager

Ms Suzy Watson, General Manager—Operations

Ms Freda Hanley, General Manager—Collections, Content and Technology

Film Finance Corporation (FFC)

Mr Brian Rosen, Chief Executive Officer

Australian Film Commission (AFC)

Mr Kim Dalton, Chief Executive Officer

Ms Sabina Wynn, Manager, Industry & Cultural Development

Mr Greg Brown, Director, Finance & Administration

Ms Kim Ireland, Director, Policy, Research & Information

Ms Mary Durkin

Australian Film, Television and Radio School (AFTRS)

Mr Malcolm Long, Director

Mr Graham Thorburn, A/g Head of Film & Television

Mr Reza Bilimoria, Head of Corporate Services

Mr Derek Allsop, Head of Technology & Infrastructure

Australian Sports Commission (ASC)

Mr Mark Peters, Chief Executive Officer

Mr Michael Scott, Director, Australian Institute of Sport

Ms Shirley Willis, Manager, Sport Programs

Mr Simon Kidman, Manager, Finance

Australian Sports Drug Agency (ASDA)

Mr John Mendoza, Chief Executive

Mr Kim Terrell, General Manager, Operations

CHAIR—Welcome, Minister and Ms Williams, to the resumption of our estimates hearing on the Department of Communications, Information Technology and the Arts. I also welcome the portfolio officers who are appearing today. Are there any comments you would like to make at this point, Minister?

Senator Kemp—No. I think the faster we can speed the journey the better.

CHAIR—We will call agencies in accordance with the agenda. We begin today's hearing with the Australia Council.

Ms Williams—I notice on the agenda that it says ‘Australia Council and Playing Australia’. Is it possible to move Playing Australia down to the department, because that is a departmental program?

CHAIR—Yes, it is. We understand that and we will do that.

[9.07 a.m.]

Australia Council

Senator LUNDY—Ms Bott, in the Australia Council’s October newsletter you stated that retaining Australia’s individual identity and our sense of belonging is critical and also that our cultural industries provide a powerful symbol of who we are as Australians. I would like to get a sense of how you think this identity would fare under an Australia-United States free trade agreement that did not contain an exclusion clause for culture, similar to the exclusion clause contained in the Australian-Singapore FTA?

Senator Kemp—There are many ways that this can be dealt with but I would like to put it firmly on the record that, in my memory, no government has been prouder of Australian history, culture and the contribution that we can make to the world than this government. You can be absolutely assured that, in regard to any international agreement, Australia will always do what is in Australia’s interests. We made it very clear in our discussion on the free trade agreement that our negotiators are very conscious of the importance of our cultural objectives in this country and ensuring that they are protected.

Senator LUNDY—How do you reconcile that with recent statements by the Prime Minister and others that new media is open to negotiation? The future regulation of new media seems to be emerging as an element of the US-Australia FTA.

Senator Kemp—You have to understand that in a free trade agreement all issues are on the table. The Americans are entitled to raise particular issues they want to raise and we will raise issues which are of concern to us. At the end of the day, Australia will pursue Australia’s interests in this. We are very conscious of the importance of our cultural sector. We are very conscious of the contribution that they are making and will continue to make. I think we should wait to see what the final outcome of this agreement is, but the Australian government’s objectives are very clear.

Senator LUNDY—Ms Bott, what is your view of the Australian content regulations to date on Australia’s cultural sector? What is your view of the role the Australia Council have played in retaining our cultural identity?

Ms Bott—I believe they have played a very important role. Given the relative size of the markets it has been a very necessary step to enable us to develop our own programming, identity and stories. We are the most open market in the world so it has not had the negative effect of limiting Australian access to a wide range of international product.

Senator LUNDY—When you say ‘important because of relative size of market’ do you mean the small size of Australia compared to the large size of overseas markets? The US content market springs to mind as a good example of a large market against which Australian cultural content producers compete.

Ms Bott—Yes, that is right. The American market is so big that costs can be recouped within their own domestic market and then programs on-sold extremely cheaply internationally, whereas the reverse is true in Australia, where we actually need on-selling internationally to enable programs to be cost-effectively supported. Therefore, they are more—

Senator LUNDY—Even to be produced and created and shown here in Australia?

Ms Bott—Sometimes. But it is by definition therefore more expensive for an Australian producer to buy one hour of Australian television time compared with one hour of American television.

Senator LUNDY—So in the context of that scenario, do you believe the current Australian content regulations play a role in the very survival of Australian cultural content industries? How crucial are they?

Senator Kemp—Of course they have been extremely important. No-one would argue that. This government has shown its very strong commitment to our cultural sector, specifically in relation to our film and TV sector. There is no argument on those grounds. They have been important.

Senator LUNDY—How important is it to the Howard government that you retain that ability to regulate content in order to ensure—

Senator Kemp—We have made it very clear—

Senator LUNDY—Sorry, I had not finished my question.

Senator Kemp—All right; sorry.

Senator LUNDY—How important is that in order to ensure that Australian cultural content continues to be produced and can continue to be exported?

Senator Kemp—We have made it very clear in our statements what our objectives are. Our position is a clear position. We have seen the importance of the Australian content rules. We have seen that they have been of enormous assistance to our cultural sector. Our position is that Australia is very keen to ensure that we can maintain our cultural objectives. That is the basis on which we are having those negotiations. They have some distance to run—those negotiations—but I should put on record that the government have been working very closely with the cultural sector in the run-up to them and will continue to work very closely with that sector. The discussions, inevitably, could get very complex. We are very grateful for the contribution that the film sector and the Australia Council and others have made. The government will be keeping them very closely informed during this process.

Senator LUNDY—Thanks, Minister. Is it now the case that negotiations are effectively in the hands of the Minister for Trade, rather than the departmental negotiators? Can you tell me the status of the discussions around issues that still need to be nussed out with regard to the FTA?

Senator Kemp—I will make a few observations and then I will call on an expert, like the departmental secretary. Essentially, the negotiations, as you will all be aware, are being run by the Minister for Trade. Then there are various discussions involving particular sectors. In relation to the cultural activities, members of our department are involved and are assisting

the negotiations, but at the end of the day, of course, it is an overall government decision. At the end of the day, the government has to sign off on this. So there would be a submission made to the government, and the government would then decide what steps to take and whether this is an agreement that the government is comfortable with. Secretary, you might like to make some comments.

Ms Williams—As the minister said, the overall responsibility lies with the Minister for Trade and it is a government decision. But we have a team of people across the department in the various areas who are still working with DFAT on the issues in this agreement.

Senator LUNDY—Who is on that team, and how often does it negotiate?

Ms Williams—It depends on the various areas. I could give you a brief, but we have people in the intellectual property area, in the film area. We have people dealing with the various areas and, depending on how the negotiations are going at the time, they would meet more, or less, often.

Senator LUNDY—On the issue I raised yesterday about the extension of copyright from 50 years to 70 years, the response from the government was that that was not something that had been discussed beyond, I think, it being raised in the initial round of negotiations. Are you able to tell the committee what the government's negotiating position is? Is that up for negotiation? Is that something that the Howard government has ruled out? How do we, as a parliament, know what the government has got on the table?

Ms Williams—In the way these negotiations go, I understand—and I have to admit to you that I have never been involved in one—there is not a position upfront like that. The negotiations progress. People put different positions on the table, and it is an iterative process. As you were told yesterday, that issue is not on the table. It was raised very early on, but it is not on the table at the moment.

Senator LUNDY—Am I correct to interpret from that that it is not likely to be part of the outcome?

Ms Williams—We do not know what is in the minds of the United States negotiators, but at this stage it is not on the table.

Senator LUNDY—If they had that as a priority, surely you would then be able to say, 'Yes, it is being discussed.'

Ms Williams—It really is an iterative process, from what I understand—and, as I say, I have not been involved. But certainly, from talking to the people across the department—and we do have meetings in an ongoing way on this; it is, obviously, very important for us—I understand it really is an iterative process. People tend to play their own bargaining games and produce things on the table as the negotiations progress, but it is not on the table at this stage.

Senator Kemp—It is probably worth just adding that there will be a film and cultural sector stakeholders' meeting hosted by DFAT this Friday to discuss developments in the fourth round and look at views on the way forward. So there will be a meeting on Friday which will involve stakeholders.

Senator LUNDY—Will you be attending?

Senator Kemp—At the moment I am not planning to attend, no. It will be done at the departmental level. But I will be kept informed, I can assure you.

Senator LUNDY—Minister, to what degree do you get involved in the positions the department—your department—takes to these negotiations? Are you informed, or are you part of the decision making in establishing the department's priorities?

Senator Kemp—If views are being put forward by the department, they would come and, as relevant, discuss them with me or with Mr Daryl Williams. The department, clearly, will provide advice, but in the end the government will make the decisions.

Senator LUNDY—What I am trying to establish here is that the positions your department takes in those negotiations represent the policy position that you support.

Senator Kemp—They will discuss those with me first, yes.

Senator LUNDY—And you would authorise that? So the buck stops with you, always?

Senator Kemp—At the end of the day, of course the buck on these sorts of things stops with the government. It is the government which is doing them. The government in the end will make the decisions, not public servants.

Senator LUNDY—The issue of standstill has obviously been of concern in the cultural sector as being a potential outcome. I understand 'standstill' to mean that the current Australian content regulations stay in place but—and this is where new media comes into it—where new media is involved there are not allowed to be any Australian content regulations. Is that what you understand this concept of standstill to mean?

Senator Kemp—You can raise a whole host of issues about what would happen if the government did this or the government did that, but I think the way I can assist the committee best is by quoting Mark Vaile. Mark Vaile said:

... I assure the House—

and of course the Senate—

and the broader Australian community that we will not sell out the Australian film and television industry in these negotiations and that it is simply not true that we are going to lose local content from Australian television screens.

That is the statement by the Minister for Trade. The government is of course having wide-ranging discussions with the US across a range of issues affected by the FTA negotiations and it is well known that these negotiations include the audiovisual sector. But I make this point: the government recognises the importance of maintaining our cultural objectives and has confirmed this in its discussions on the FTA with the US. This has been the position since day one, and that has not changed. No decisions have been made which make any commitments in the audiovisual sector. These discussions are continuing. I am not in the process of pre-empting these discussions. I am trying to set up the context in which these discussions are occurring—what the objectives are. I think it is probably best that we wait for the outcome. The stakeholders will be involved and the next meeting will be on Friday, so nothing has been done in secret. I am not cutting deals in secret on this.

Senator LUNDY—I am still interested in asking some questions about what the implications are of the government's policy position. With respect to Minister Vaile's

statement, my understanding is that the position of standstill would be consistent with Minister Vaile's statement. What happened when the Prime Minister talked about new media, what is perceived as being the sleight of hand that is being played out here, is that that was understood as the government saying that what is currently in place will not be affected—that is, the standstill position—but that whatever comes next in new media is still open for negotiation. Certainly my interpretation of the signals made by the Prime Minister and the Minister for Trade was that there was a very strong possibility under the US FTA of not being able to regulate new media in Australia for the percentage of Australian content. Can you tell me that that is not going to happen?

Senator Kemp—I would not draw any conclusions. All these matters are being discussed—

Senator LUNDY—But you cannot rule that out?

Senator Kemp—I am not here to pre-empt any particular discussions, but I can make it very clear—and I made it clear in my earlier remarks—what our cultural objectives are. Australia has long recognised the importance of these local content rules. They have been a very important part of government policy. No deals have been cut in secret. I do not think it is productive for me to go into detail on various matters that you might raise. I think our objectives are clear. Our policy has been clear in relation to the importance of local content rules, and we are involving the cultural sector, and I think that is the best way forward.

Senator LUNDY—What are you going to tell the stakeholders on Friday, and why can't you tell the Senate today what you are going to tell them on Friday?

Senator Kemp—The stakeholders will be briefed by Mark Vaile's team and negotiators, so it is not—

Senator LUNDY—But the department will be involved in that briefing.

Senator Kemp—But it is not what I am going to tell the stakeholders, because I will not be there. I am saying Mr Vaile. It is a meeting held by DFAT. It is a Public Service level meeting, and there will be briefings done there. There will be other briefings which will be continuing with the various sectors. This is the best way forward. I do not think that this is the forum in which every option can be put forward by you and then we can weigh it up and then I can make some comments.

Senator LUNDY—I can assure you that I am not putting forward every option. Regarding this briefing on Friday, is it the case that officers of your department will be attending along with stakeholders?

Senator Kemp—Yes.

Senator LUNDY—Can I take it by your acknowledgement of that that the officers of the department at the table now do not know the content of that briefing as yet?

Senator Kemp—Today is Tuesday. The briefing is on Friday. We are not DFAT. I am sure as the days go on there will probably be informal discussions with officers. There may be some indication. But this is a meeting on Friday, and it is now Tuesday.

Senator LUNDY—But my question is: are your department officers going to be briefed along with the stakeholders or are they going to be among those giving the briefing?

Senator Kemp—Just hold your fire, Senator. There are intensive discussions already occurring.

Senator LUNDY—Because I think there is a really important distinction that will determine to what degree your department has any influence over trade considerations.

Senator Kemp—Our department is one in the area of communications, the arts and Australian culture generally. Our department will have a very important role in providing advice.

Senator LUNDY—Do you set the agenda for the trade department on these issues or do they set it for you?

Senator Kemp—I am trying to think what that question could possibly mean. Of course we receive requests from the Americans, and then we can respond to those. But the department provides advice to the minister—

Senator LUNDY—To you?

Senator Kemp—and we then work out a position that I think is acceptable. I put that position to the government, and the government can pick that up as it wants to.

Senator LUNDY—In your position as minister for the arts, is it a conceivable scenario that you are left trying to defend Australia's cultural industries in the face of, and competing against, for example, the agriculture portfolio or the health portfolio with the PBS considerations of the FTA, and that somehow it becomes culture versus agriculture versus pharmaceuticals? Is that scenario a possibility?

Senator Kemp—I would not frame it in that way at all.

Senator LUNDY—I am hoping the answer is 'no'.

Senator Kemp—What you are trying to do is advance Australia's national interests. You are trying to set up an arrangement by which the Australian economy can benefit to the tune of billions of dollars. You are trying to cut a deal which will allow that objective to be achieved. In my view, if you can cut a deal, every sector would benefit, because you are going to preside over an economy which can grow at an even faster rate than we have been doing at the moment. In that sort of context, as the cake gets bigger, everyone is a winner.

So that is the context; to frame it in that manner misses the big picture. The big picture is to attempt to cut a deal which we can all benefit from. As a result, everything is on the table. The nature of these negotiations is that everything is on the table. You then go in, the Americans make requests and we respond. We look at the various sectors and we look at what is in our particular interest.

Senator LUNDY—Without wanting to debate it, it is fair to restate the concern of the cultural sector stakeholders, who argue that cultural issues are far more weighty and important to Australian society and should not be considered as part of a trade negotiation of this type. They have expressed their concern in that way. I would like to ask you, as minister for arts, not whether you will or will not, but whether you have the power to prevent Australian cultural interests being traded away as part of these FTA negotiations?

Senator Kemp—The government has said from day one that it recognises the importance of maintaining our cultural objectives. Mark Vaile has said we will not be selling out the Australian film and TV industry. That is what Mark Vaile has said.

Senator LUNDY—But that has not equated to a guarantee for an exclusion clause yet and, as you said, unless there is an exclusion clause, everything is on the table.

Senator Kemp—I am not going to get into the detail of these things because they have a significant way to travel. I am not going to pre-empt the discussions, but the important thing is the statement by Mark Vaile that we will not be selling out the Australian film and TV industry in these negotiations. That should give great comfort to everybody involved. We understand that of course people have particular interests and of course the cultural sector is quite entitled to look very closely at what is happening. We greatly appreciate the work that they are doing with us and we appreciate the responsible way in which they are dealing with these issues, but this has a way to travel. Frankly, I have quoted you Mark Vaile's statement on the film and TV industry—

Senator LUNDY—And that is your view as well?

Senator Kemp—Of course it is my view. My view is that—

Senator LUNDY—Hang on, I am giving you an opportunity to state your commitment to the cultural sector about the protection of Australian cultural interests.

Senator Kemp—I think my record shows that, actually; I think that the things we have been able to achieve—not only me, but also former ministers for arts—give this government a great deal of pride. We note the commitment that we made in relation to the performing arts and the visual arts and the very strong commitment that we made to the Australian film and TV industry with the package that was announced before the last election. Senator, you do not have to take my word for it. This government have actually delivered and we will continue to deliver for this sector. It is a very important sector.

Senator LUNDY—I have another question about the Friday meeting. Will the brief that is issued to the stakeholders in Friday's meeting be publicly available?

Senator Kemp—The general view is that we will be having discussions with the sector. I am not sure that bits of paper will be issued to the public. I do not think that has been the practice in the past.

Senator LUNDY—Someone behind you is shaking their head.

Senator Kemp—Someone else can answer the question.

Ms Williams—I think the issue is that it is not a formal briefing. Because we know the arts industry is concerned, we thought it very important that it comes together and that DFAT and the department are aware of the issues and that any particular issues are brought together. The negotiations in this area have still got to continue, although it is very early days.

Senator LUNDY—Can I formally request that the committee be provided with a record of the issues presented by both DFAT and the department to the cultural sector?

Senator Kemp—We will see what can be provided. The government have been very up front in involving the cultural sector in this area and I hope no-one in the cultural sector would deny that we have not involved them. I will see what can be produced.

Senator LUNDY—I am sure I will read about it anyway.

Senator Kemp—You might!

Senator LUNDY—I am just giving you the opportunity to be up front.

Senator Kemp—I am always up front. I think no-one is more conscious than I am of the need to help Senate committees. I think my record amply demonstrates that.

Senator LUNDY—Thank you, Minister. I am at a bit of a loss as to why you are not able to provide a little more clarity around the issue of standstill.

Senator Kemp—I am not going to go into the various details of the negotiations. I am making absolutely clear the government's commitment to the cultural sector. I am making a commitment specifically to the Australian film and TV industry. At the end of the day the government will cut a deal which is in the national interest, and national interest is something which has always driven the treaty processes with this government. I was very critical of the previous government, as you know, in regard to treaties because I thought a number of treaties were signed in which Australia's national interests were not foremost in the minds of your ministers. We are a different kettle of fish. We are strong promoters of Australian interests. We are very conscious of Australian interests. And we are particularly conscious of Australian interests in this sector.

Senator LUNDY—Would you classify Internet content as new media?

Senator Kemp—I do not know. I will get someone here to reflect on that.

Ms Bean—It can be new media. For example, the Australian Film Commission is running a program developing particular kinds of content for use by Australians and developed by Australians with an Australian flavour.

Senator LUNDY—For the Internet?

Ms Bean—Yes.

Senator LUNDY—And you consider that to be new media?

Ms Bean—I think it would fit within the broad generic description.

Senator LUNDY—Is that an area which you envisage would not be able to be supported through public policy?

Senator Kemp—I think you are just leading the witness, as they say.

Senator LUNDY—No—it is a genuine question. If Internet content is new media and, under these proposed agreement, new media is not going to be regulated, I am concerned that that means that you are not going to be able to invest in good sound projects like Australian Internet content.

Senator Kemp—No-one has said that.

Senator LUNDY—I am asking you, and you ruled that out.

Senator Kemp—This is where I think you are—

Senator LUNDY—You cannot rule it out because that is what is going to happen.

Senator Kemp—I am not going to go through a whole host of things and say, ‘Senator Lundy asked this and so I ruled that out and I ruled that out.’ I have ruled out that Australia will do anything which is contrary to our national interests. That is what I rule out. We will do things which are in line with our national interests.

Senator LUNDY—Do you consider very high resolution, high definition television content as new media?

Senator Kemp—I will get some comments from the officers at the table, but we know that we are discussing a hot sector and that there may well be platforms that are used in the future—

Senator LUNDY—I am just trying to work out what new media is.

Senator Kemp—Hold on! We know that there will be platforms which may be used in the future which are not common now and we know that no-one can predict what is going to happen in this area. This is an area of extraordinary innovation and change. No-one can predict that. We are particularly conscious of that issue. When we enter negotiations we enter them aware that in the future what we have today may not be there tomorrow. Therefore, the government and the negotiators have to be aware of that.

Senator LUNDY—I think that is probably the best argument I have heard put for a while as to why you should protect Australian content for new media.

Senator Kemp—This is what Mark Vaile said. This is not me—

Senator LUNDY—It is that uncertainty.

Senator Kemp—Mark Vaile has said that we will not sell out the Australian film and TV industry in these negotiations. That is what Mark Vaile has said. Mark Vaile is as conscious as anybody that we are in a—

Senator LUNDY—But new media was clearly put on the table. I am trying to get an insight from you or the department on what the difference is between film and television currently, because I think that in saying that Mark Vaile is consistent with the outcome of standstill.

I am trying to ascertain now whether this government perceives media which is currently out there but is not necessarily film or television—like the Internet, high-definition movies or television content, digital content, datacasting content or any other form of content that does not fit what we understand to be standard definition television or film as they are currently made—as falling into the category of new media. We already know that we would talk about the Internet as new media and that—as you could probably tell me, Minister—something like over 80 per cent of Internet content accessed in Australia is, in fact, from the US. So there is already a massive imbalance there and a worthy project for government investment to produce quality Internet content. I need a reassurance that you are not going to be told you cannot make those public investments if new media is included and prevented from receiving government support.

Senator KEMP—No decisions have been made by this government. We have not made any commitments in relation to the audiovisual sector at this stage; none. The discussions are continuing and, as I have assured you, we are very conscious of the importance of our cultural objectives. We are very conscious of the role that our cultural industries play in Australia, and this government is not going to sell them out. That is the point I am making.

Senator LUNDY—I want to go back to a very important point you made: in five, 10 or 15 years time we might not be working with any of the current formats. It is that very issue of advancements in technology and those changing definitions that create the argument as to why the Australian government must retain at least the right to regulate for Australian content and, to take it a step back, to at least be able to support those industries through public policy and investment.

Senator Kemp—That is exactly what we do.

Senator LUNDY—I do not think you are disagreeing with that, but that is still contrary to the government's position on the FTA.

Senator Kemp—I am not in the process. These negotiations are very complex. They cover a very wide range of aspects and, frankly, I do not think this is the place where we should be going into exquisite detail.

Senator LUNDY—I do not know where else to do it for the cultural sector. Do you think talking to Mark Vaile or the trade estimates is a better place to explore these issues?

Senator Kemp—What you have to do is get yourself into government, and then you can be at the table. But until you are in government, until you can convey to the Australian people that you are worth electing, you will not be at the table. Nonetheless, we are inclusive. I am an inclusive, consensus minister, as you well know, and we seek to involve people and inform them. But there are certain limits, and I am not going to be in the position of pre-empting the negotiations that are occurring on the free trade agreement. I have given you the statements and the commitments that Mark Vaile has made and the commitments that the government have made. I have given you the process by which we involve the cultural sector, and I am not sure that I can add much more to that. I have also indicated to you that no commitments have been made, at this stage, in relation to the audiovisual sector.

Senator LUNDY—Until we are in government, I have to be content with my position in opposition, holding you to account, which is why I am asking you these questions—

Senator Kemp—Indeed.

Senator LUNDY—and giving you the opportunity to stand up for Australia's cultural sector. And you are choosing not to.

Senator Kemp—I am very happy to stand up for the sector. I am very proud to be the minister for arts and to have this role, and I am very proud to be part of a government which has an acute sense of the Australian national interest and does not conduct treaty negotiations in secret, as the previous government did.

Senator LUNDY—But you are! That is obvious.

Senator Kemp—We are not discussing them in secret.

Senator LUNDY—I cannot even believe you said that. This whole issue has arisen because the Howard government is conducting these negotiations in secret.

Senator Kemp—We do not think that, because we do not have you at the table, that ipso facto means the negotiations are in secret.

Senator LUNDY—But you will not tell the parliament anything.

Senator Kemp—No. I have told the department.

Senator LUNDY—You will not even tell us whether you support standstill, whether you are prepared to trade off regulation relating to new media.

Senator Kemp—I have made no such comment, Senator. What I have said is that we have—

Senator LUNDY—You have not told us if your negotiating position is to argue for exclusion. That is the no-brainer. That would be the obvious and sensible position that would surely represent the Australian interests.

Senator Kemp—Well, Senator, there is a variety of ways in which you can protect the Australian national interest. There are a number of ways. I want to assure you that that is exactly what we will do. You could do it through an exclusion clause or you could do it through some other means, but let me assure you that as we hope to go towards cutting a deal with the Americans we are very conscious of the importance of the cultural sector. The assurances that Mark Vaile has given I think are very important.

Senator LUNDY—I guess the risk is that you will trade away what is unknown as yet and so have the position of saying you are not trading away anything current but just trade away something in the future that is as yet intangible. It is easy to do, and we will see where Australia is in 20 years time.

Senator Kemp—We are all aware of the significant issues involved here. I am aware of them, Mark Vaile is aware of them and the cultural sector is aware of them. As to the implication that somehow you could say, 'Don't worry about these things,' of course the government will worry about these things. Of course the government is concerned. Of course the cultural sector is going to take an acute interest in it. Of course there is going to be a public debate on this, as there should. Nothing will be done in secret, Senator.

Senator LUNDY—I just think that is defying reality to say it is not being done in secret.

Senator Kemp—Because you are not at the table, Senator, and because the government does not discuss every paper that goes forward with you does not mean it is being done in secret. You are not at the table, and I am sorry you are not, but you are not.

Senator LUNDY—Putting that point aside—and this is my final question on this; I will move on—why doesn't the Howard government bring the final FTA to the parliament for ratification?

Senator Kemp—That is a far wider issue than the issues that are for the consideration of this committee. The government will follow the treaty processes of this parliament. As you are aware, Senator, when you were in government, unfortunately—and I think we have changed the processes considerably since the days of Hawke and Keating—we even had cases

of secret treaties being done and never brought before a parliament. This is a most transparent, open treaty process. There has been massive press coverage on this.

Senator LUNDY—If you say it often enough it does not mean it will be true, Minister.

Senator Kemp—Senator, you understand the nature of how treaties are signed in Australia. You understand that process. We have amended that process—

Senator LUNDY—I am sure you can appreciate that this is, quite possibly, the one opportunity the Labor opposition has of querying the government specifically about this agreement prior to it being signed, based on all the time frames that have been articulated by the Howard government to date. This is the one chance we have to ask you as a representative of the executive what is in that agreement. Can we get anywhere? No. We do not even know if standstill is on the table. We do not even know if that is your policy. And you expect me to cop this, ‘It’s not being done in secret’? I don’t think so.

Senator Kemp—Are you okay? Have you finished?

Senator LUNDY—Tell me what the government’s view is on standstill. Don’t make me laugh, Minister, I am serious.

Senator Kemp—I am getting worried about you, Senator. You are raising your voice. The government have gone to these negotiations to examine the requests which have been put forward by the Americans and we have made no commitments in relation to the audiovisual sector. That is the first point. We are very conscious of the importance of this sector and, as Mark Vaile said in relation to Australian film and TV, we will not be selling out this sector. We are very conscious of the importance of this sector.

I think that this debate has been a transparent debate. I think the parliament is probably having more say on this treaty in terms of the debates and the questions than I have experienced in previous treaties. The Labor Party will have a position. Senator Conroy has a position which seems to support a free trade agreement with the United States. As I listen to you, you seem to be opposed to a free trade agreement. I do not know what Simon Crean thinks. Does he support a free trade agreement? What a deadly silence there is!

Senator LUNDY—Minister, I am not going to—

Senator Kemp—No, you are not, because by your silence you have shown the confusion in the Labor Party ranks. You cannot tell me whether you support a free trade agreement.

Senator LUNDY—Minister, I want to know what the government’s policy is. It is not the Labor Party that are going to be signing this. The Labor Party’s position is that we will not support it unless we know what is going into it, and you know exactly that that is our position. You will not use this opportunity to tell us what is going in it, so you leave the opposition no choice. I am just saying that we cannot support something that we do not know about.

Senator Kemp—Are you, in principle, in favour of a free trade agreement?

Senator LUNDY—I think the issue for you minister is that you have got an opportunity to put on the table what is in it.

Senator Kemp—Talk about ducking questions! How can I put on the table what is in the free trade agreement when that agreement has not been finalised?

Senator LUNDY—You have refused to take the opportunity—

Senator Kemp—What an absolutely dopey question!

Senator LUNDY—here this morning to present your view and the government's policy on crucial issues like standstill, on why you do not support an exclusion clause on cultural content. I say to you that a free trade agreement without an exclusion clause for cultural content is an absolute debacle and should not be supported, and will not be supported. That is Labor's position. So your job now—

Senator Kemp—Is that really Labor's position? Are you sure of that?

Senator LUNDY—is to put on the table what your position is in relation to an exclusion clause. You have chosen not to do that. That is a sad loss.

Senator Kemp—I have gone through exactly what commitments the government has delivered and I have gone through in some detail what Mark Vaile has said. You made an interesting statement there in relation to the free trade agreement. I wonder if it is consistent with what Senator Conroy and your colleagues will be doing. I think you may have been tempted out a little bit too far, to be quite frank.

Senator LUNDY—You can speculate all you like on our position. This is about the Howard government's view of the free trade agreement.

Senator Kemp—The Howard government's view of a free trade agreement is this—and I would like you to listen quietly, because I have said that a couple of times but it has not got through—

Senator LUNDY—It is getting very boring; you just keep quoting Vaile. You have not even told us what you think.

Senator Kemp—It may get through to you. The Howard government's view of a free trade agreement is that we will sign a free trade agreement which is in the national interest of Australia. We believe that a free trade agreement which is in the national interest of Australia is one that will, among other things, benefit the Australian economy to the tune of billions of dollars. Everyone in that context will be a winner. When you enter a free trade agreement you do not therefore start off in that agreement excluding this, that and everything else.

Senator LUNDY—Why not?

Senator Kemp—That is what you just said. You go into a free trade agreement negotiation in which a vast range of issues are discussed and then at the end of the day you see whether it is possible to cut a deal.

Senator LUNDY—And that is where it is at now, is it?

Senator Kemp—The government then decide whether the deal that is cut is one that is in the national interest of Australia. When that decision is made—and we fervently hope that there will be such a deal—everyone will be a winner. That is the position. But we have made no commitments in relation to the audiovisual sector. The commitment I give is that the audiovisual sector, the cultural sector, will be kept fully informed and briefed, and the government will be seeking their views.

Senator LUNDY—We will look forward to hearing about the Friday meeting.

Senator Kemp—We always like to help you; you know that.

Senator LUNDY—Ms Bott, has the Australia Council board got a position on the free trade agreement?

Ms Bott—The role of the Australia Council is obviously to advise government from our perspective as to the implications of a free trade agreement and, yes, we have had council discussions about that and the department and the government are aware of our position on it.

Senator LUNDY—What is that position?

Ms Bott—We are highlighting not only the importance of the current content regulations but also the importance of the government maintaining its ability to achieve its cultural objectives in terms of new media and other regulations in the future.

Senator LUNDY—Do you think that if new media is allowed to be included in the free trade agreement—that there is no exclusion clause relating to new media—that will hamper the Australia Council's ability to fulfil their charter in the future?

Ms Bott—The Australia Council's role in this is recognising that the arts and audiovisual sectors are interlinked as an ecosystem. Yes, we believe that it would be prudent for there to be regulations around new media because it is impossible to actually flag what might be new media developments in the longer term.

Senator LUNDY—Has this view of the board been conveyed to the minister?

Ms Bott—Yes.

Senator LUNDY—Over to you minister. You are obviously of a different mind to the board of the Australia Council.

Senator Kemp—Let me say that it is a very good board too. This is exactly what I have said: we are taking advice from people. We are taking advice from not only the Australia Council but also the Film Finance Commission. We will be taking advice from all those bodies and considering the information they give us.

Senator LUNDY—And all of those bodies have expressed concern about the government's stated view on this issue.

Senator Kemp—All those bodies are taking a very close interest, as they should, in these negotiations. The government are seeking their advice, as we should; and they are providing that advice, as they should.

Senator LUNDY—Ms Bott, what is the Australia Council's understanding of new media and the sorts of medium we are talking about here when we talk about new media?

Ms Bott—Our understanding would be the Internet and other new media developments, many of which could not actually been identified at this time. It is a matter of looking at the longer term. We have been a part of those discussions.

Senator LUNDY—Is there any film or film related content that is currently described generally as new media? For example, higher definition films or interactive films such as those found on DVDs and so forth?

Ms Bott—I could not comment any further on that.

Senator LUNDY—So really the Internet is what we are talking about?

Ms Bott—Possibly, this is like trying to anticipate in the 1950s all of the various media developments—I think that is the point.

Senator LUNDY—On this issue of new media, the comments of the government to date—and the Internet is one medium where there are no regulations per se because it would obviously be really hard to apply them—imply that it relates to content yet to come. So there is an issue with new media of there being a potential inability to impose Australian content regulations. I guess this is a question about distribution channels. What sort of distribution channels is it envisaged could be affected beyond the Internet? I guess this is speculating about cable TV or TV content that is distributed over the Internet that would currently be captured by definitions of TV and content regulation but, because of the distribution means, adopt another definition like new media. Can you provide me with any insight into that? Perhaps the departmental officers are better placed to answer that.

Senator Kemp—I think it is going to be difficult for officers to provide that information. I think the *Hansard* will show that that was a rather wide-ranging and at times slightly rambling question.

Senator LUNDY—A bit like some of your answers.

Senator Kemp—Maybe you have caught it. As your question went on and on I found it more and more complex, I would have to say. Officers are more than entitled to make comments as they wish but as you went on I rather thought that in fact Ms Bott had in fact answered that in relation to your earlier question. But Ms Bott may be able to discern something she would like to say in relation to that.

Ms Bott—I do not have any further comment.

Senator LUNDY—Can I ask the department, then, about this definition of ‘new media’ and whether or not the department has a definition of ‘new media’, irrespective of the FTA discussions? What do you call ‘new media’?

Ms Bean—I am not an expert on any IT area, I have to say.

Senator LUNDY—I am not talking about IT. I am talking about new media.

Ms Bean—Yes, okay. I am not aware of a definition. There may well be one. If there is, we will let you know.

Senator LUNDY—It would be useful, seeing it is about to be traded off.

Senator Kemp—Again, you are jumping to conclusions.

Senator LUNDY—I hope I am.

Senator Kemp—You are always trying to put words in witnesses mouths, something I have always objected to.

Senator LUNDY—I want to ask the Australia Council a question about some grants. I am referring to an article in the *Advertiser* on 6 October. It was called ‘Tight times in funding grants’ and stated:

AUSTRALIA Council support for theatre remains fully stretched in the latest September round of grants.

Can you explain why the \$6.3 million round only included \$630,000 in separately funded projects and the rest went to—

Senator Kemp—I think this is Playing Australia.

Senator LUNDY—theatre organisations?

Senator Kemp—Is this Playing Australia? I think it is. We are going to deal with Playing Australia later. I am sure Ms Bott may have some views but Playing Australia does not come within the ambit of the Australia Council.

Senator LUNDY—Can you put into context the role that the Australia Council does have in relation to Playing Australia?

Ms Bott—The formal responsibility for Playing Australia is with the department. Of course, many of our clients are also clients of Playing Australia, so there is an interconnection in terms of effect. But the Australia Council funds touring, as do state governments. But Playing Australia is a separate entity managed by the department.

Senator LUNDY—How tight are those interrelationships? How important is it that Playing Australia get that balance right for the recipients of Australia Council grants? Is it a symbiotic relationship that really cannot be disaggregated?

Ms Bott—It tends to depend on the company. Some companies have a high level of touring as an integral part of their pattern of activity and business plan and in those cases we seek to ensure that there is appropriate consultation and dialogue between state governments, the Australia Council and Playing Australia. To that end, I am represented on the grants committee for Playing Australia.

Senator LUNDY—Who is? You are?

Ms Bott—The Australia Council is represented, yes. I am represented by a delegate.

Senator LUNDY—Are you one of the voting members, if you like, of that council?

Ms Bott—Yes, the Australia Council is.

Senator LUNDY—So is it your role to take that understanding of the symbiotic and interdependent relationship between Playing Australia funding and Australia Council funding organisations to the Playing Australia funding board?

Ms Bott—That is one of our roles. It is to ensure that there is appropriate information circulating between the relevant bodies.

Senator LUNDY—In the latest round of Playing Australia funding do you think that there was a full and clear understanding of some of those relationships and of the interdependence?

Ms Bott—The committee dealt with the information that it had in terms of both the applications from the company and the advice of the department and the Australia Council.

Senator LUNDY—In terms of that advice to the Playing Australia board from those three different sources, from your observation where does the bulk of the advice come from?

Ms Bott—I would defer to the department on that.

Ms Bean—I am not quite sure what you mean, Senator. Do you mean the advice from the Australia Council to the committee, or do you mean the advice that the committee has?

Senator LUNDY—I can ask you those questions when we come to Playing Australia, but I wanted the perspective of the Australia Council on the advice that comes forward to the Playing Australia board. For example, does the Australia Council prepare written advice on the perhaps merits or otherwise of the applications, or is your role more just providing factual advice about the status and funding of Australia Council supported organisations?

Ms Bott—The delegate from the Australia Council to the Playing Australia committee is briefed. We do not provide a formal briefing to the Playing Australia committee per se. We ensure that we have we have a well briefed delegate. That is how it works.

Senator LUNDY—What is the purpose of having the Australia Council on the Playing Australia board? What is that supposed to achieve?

Ms Bott—It would be to recognise the interconnection in terms of the formal role of the Australia Council to provide access for the arts to all Australians as well as to recognise that we have a mutual client base. Those are the reasons we are there.

Senator LUNDY—Does Playing Australia, in the Australia Council's view, therefore form an essential element of the Australia Council's ability to fulfil its own charter—that is, to get the arts to all Australians?

Ms Bott—Yes. Playing Australia is an extremely important element in access.

Senator LUNDY—Given the way the last round of funding was structured, has the Australia Council board, or have you, formed a view about the reduction in the number of regional performances that will be conducted as a result of the last round? Are you concerned about that?

Ms Bott—In our view, Playing Australia is an extremely important and effective program. I think it has been described as a victim of its own success, in that there are very high demands on it, only one of which is regional. In our view, an equally important role is played by Playing Australia in taking artistic product to smaller capital cities in Australia. So it achieves many important things. Its ability to achieve that is, of course, a product of the number of applications and the resources available.

Senator LUNDY—Has the Australia Council had any representations from Australia Council funded organisations that are concerned about the way the last round was distributed?

Ms Bott—Yes, some concern has been expressed to us.

Senator LUNDY—Have you been able to do anything to facilitate resolution of those concerns?

Ms Bott—We have provided advice to the department and to the minister on the matter.

Senator LUNDY—There have been reports that this round of Playing Australia grants was handled differently from previous rounds. Is that your observation?

Ms Bott—No.

Senator Kemp—I am interested in that but, if we are going to discuss Playing Australia, I think we should discuss it in the right area, Senator.

Senator LUNDY—I understand, Minister, but I think the Australia Council have got a genuine interest and role, and this is my only opportunity to ask the Australia Council to answer these questions from their perspective. I will be following this up with the department later.

Senator Kemp—Your questions in this case should relate specifically to the Australia Council. They play an important role, they have a member on the board, they are part of the advisory process which comes forward to me. The program is, in a sense, a victim of its own success. It is a very successful program, and it is one which I am very strongly supportive of. The truth is we would like to do more. I think the latest round shows the demand that is out there for this program. Quite obviously, this will assume a priority in my own view of what should happen in the portfolio. I am happy to have particular companies discussed, but, after all, the Australia Council have only one member on the Playing Australia committee, and discussing this now is probably not as useful as waiting until we can deal with the issue fully.

Senator LUNDY—Is the Australia Council concerned that, as a result of the last round of Playing Australia, any of your funded organisations are at risk in terms of their viability?

Ms Bott—No.

Senator LUNDY—Does the Australia Council have a view on the levels of funding provided to Playing Australia?

Senator Kemp—I think the Australia Council view is that more is better than less.

Senator LUNDY—Give it more money.

Senator Kemp—Would that be right?

Senator LUNDY—It is a fair enough question. I am sure the Australia Council, if they were being true to their charter, would be arguing for more funding.

Ms Bott—Indeed.

Senator Kemp—There are many areas in which we would like more funding. That is correct. But in the end balances have to be made by governments. Playing Australia is an excellent program, and I think there are some useful lessons out of this latest round. I am aware of the problems. I have had discussions with a number of the people involved.

Senator LUNDY—Are they still continuing or have they been resolved?

Senator Kemp—They are continuing. Some particular problems have come forward. One of the problems which perhaps was not well appreciated was that a number of these arts centres depend on a regular flow of companies funded under Playing Australia, and there is an expectation that that will continue. If you have a round and you fund some other companies, another group of arts centres may well benefit, but those that had an expectation, because in the last three or four years they had had Playing Australia funded companies, will have a problem with their forward planning. It has moved a bit beyond that.

There is always an issue of which companies you fund. That is always a dilemma. The balance between regional and metropolitan Australia is another one. And how do the so-called Nugent companies fit into it, or the expectations that arts centres have? There has been an expansion of arts centres in Australia over the last decade, especially those which can take

quality productions. Individual companies may be concerned that they missed out in this latest round, but there is another group of people out there—the arts centres—who were expecting Playing Australia to help support their programs for the next year. It is a bit of a dilemma how you deal with that.

Senator LUNDY—That serves as a good introduction to our discussion later on today about Playing Australia.

Senator Kemp—If the cake were bigger a lot of those problems would become smaller.

Senator LUNDY—I will place some questions on notice for the Australia Council relating to the annual report. One thing that struck me—and this question is for you minister or for the department—is that Ms Bott's contract expires in February: what steps are being taken to either renew or fill—

Senator Kemp—You can be assured that Ms Bott, the Australia Council and I have been in discussions on this matter and the government will, as always, be making an announcement at the appropriate time.

Senator LUNDY—Is that a decision of the council?

Senator Kemp—No, it is an appointment made by the government.

Senator LUNDY—Do you take advice from the Australia Council?

Senator Kemp—I certainly take advice from the Australia Council and I take advice from a variety of sources.

Senator LUNDY—But the act does not provide for the council to make that decision; the act provides for it to be a ministerial appointment.

Senator Kemp—It is a government appointment. The government makes the decision. The minister will put forward a view—and I have a view too, but that will be announced at the appropriate time.

Senator LUNDY—Does the council manage the process of selection and then present you with options? I am interested in the precise practice.

Senator Kemp—No, I will seek views. I have spoken to the Chairman of the Australia Council, David Gonsky, on this matter and I am sure David has taken soundings from his council.

Senator LUNDY—Will he give you a list of names and do they conduct, if necessary, the selection process?

Senator Kemp—This is advice to a minister and I do not propose to go into any detail.

Senator LUNDY—I am not asking for any insight; I am just asking about the process.

Senator Kemp—The process is, quite obviously, that I consult with the Australia Council. They will have views.

Senator LUNDY—Do you have to do that under the act?

Senator Kemp—I understand that I do not have to do it; but, as you have always said, Senator, I am a very consultative minister.

Senator LUNDY—Did I say that? I think that was you.

Senator Kemp—I have obviously consulted with the Chairman, David Gonsky, and he has obviously taken soundings from his own council.

Senator LUNDY—But ultimately the act provides that it is a ministerial appointment.

Senator Kemp—Obviously it is one which will be made, and I will be making the announcement at the appropriate time.

Senator LUNDY—I will place the rest of my questions for the Australia Council on notice.

[10.17 a.m.]

National Archives

Senator LUNDY—I refer to the annual report provided by the National Archives. I have an ongoing interest in the issue of electronic archiving, and I note that page 31 of your report says:

While many agencies are taking steps to improve performance—
in information management and record keeping—
others, especially small agencies, are yet to initiate action on these matters.

Am I correct in interpreting that, from the archives' perspective, there is no consistency on record information management and record keeping across the government and Commonwealth administration as yet?

Mr Gibbs—No, there certainly is not consistency and you would not expect there would be either.

Senator LUNDY—What are you saying with this comment? That smaller agencies are obviously lagging behind in conforming to a standard? Is there a standard to which they can conform?

Mr Gibbs—It is very difficult in the electronic records area; it is new, it is a worldwide problem and we are all trying to come to terms with it. I do not think that that comment, and it is the comment the auditors made as well, really reflects any more than the current state of play with new technology. Some of the bigger agencies are coping better than some of those that are less resourced. Our job is to focus on the smaller ones who are not up to speed. That is the plan we have for the current year.

Senator LUNDY—Are you resourced to the degree necessary to ensure that smaller agencies are able to improve their electronic record-keeping standards as part of your job? Do you get funding support from government to fulfil that aspect of your charter? Is that something you are expected to do?

Mr Gibbs—I do not know whether that is a question I should answer. Of course we would like more resources but, I think in terms of the priorities we have as an office and the way we allocate our resources, we have the expertise, the structure and the commitment to tackle that problem. It might mean we have to give less priority to some other things than we might like but, yes, I think we do.

Senator LUNDY—I note that there is a huge increase in remote reference inquiries, obviously reflecting greater access to digitised material over the Internet. That seems to correspond with a decline in reading room visits. Is the explanation that there is a greater quantity of digitised material and people are accessing the information over the Internet rather than coming in?

Mr Gibbs—Yes, it is. It is the pattern we hope to achieve.

Senator LUNDY—Did you expect it to be so successful?

Mr Gibbs—No, but it is nice that it is.

Senator LUNDY—Who provides your IT services?

Mr Gibbs—We do most of it in-house. A lot of the software development is done by us. We do have outside expertise as well but, because it is new territory and we are the leaders in the country in this area, most of the development has been done by us in the archives.

Senator LUNDY—Well done.

Mr Gibbs—Thank you.

Senator LUNDY—In terms of the costs of bandwidth you require as an agency to get information from agencies and departments and to maintain the electronic archive effectively, can you take on notice to provide the committee with details of those telecommunications contracts and the costs of telecommunications services to the National Archives—from whom, how much and for what? Is there anything in your annual report about that?

Mr Gibbs—They will not be as direct as you require, but we will certainly get them to the committee.

Senator LUNDY—Thank you. I notice on page 130 that a contract for the launch of Australia's Prime Ministers web site was let to BDW Special Events. I have a couple of questions about that. Why did the National Archives do that? Why were you the ones to launch the Prime Ministers web site?

Mr Gibbs—It is because it is our web site. As you know, we produce guides to the personal and official records of Prime Ministers. In fact, last week we launched the print guides here at the parliament. That launch late last year was a launch of the web site to access the guides. It is one of the more high-profile things we do, and we were delighted that the Prime Minister was willing to launch it for us. We naturally tried to get as much goodwill out of it and awareness of the web site as we could, and it has been really successful. The hit rate on it has been marvellous.

Senator LUNDY—I note the consultancy that went to BDW Special Events was worth just over \$21,000 but that it did not go to tender. Is there a reason for that?

Mr Gibbs—I really do not know. I could ask one of my colleagues. It is before my time at the Archives, as I think you are aware. If we cannot answer it, we will certainly get back to you and provide that information.

Mr Stuckey—I am not aware of the process. Do not hold me to this, but it may have been that the consultants had tendered for a previous contract, which enabled us to choose them from a panel. I am not sure of the details, but we can find that out and let you know.

Senator LUNDY—Thank you. The travelling exhibitions program is terrific, I have to say. I note that there were three major exhibitions in the past year in the Canberra gallery—Griffins, lighthouses and Flinders. How does that compare with previous years?

Mr Gibbs—In the Canberra gallery?

Senator LUNDY—Yes.

Mr Gibbs—The exhibition spaces have been full the whole year so we could not have taken any more.

Mr Stuckey—In the past we have tried to run about three exhibitions in a specific exhibition space. We have our treasures gallery, which is in effect a standing exhibition. But we try to get about three a year. Some we will do and some, like the Flinders exhibition from the State Library of New South Wales, we host.

Senator LUNDY—Was the number of exhibitions and travelling exhibitions you hosted in the last financial year the same as in previous years?

Mr Gibbs—I think if you look in the back of the report, the number of venues we have had around the country is increasing. That is what we would like. In fact, I am travelling to Adelaide this evening for a launch of our beacons exhibition—the lighthouses exhibition—and our wine exhibition, which is touring at Margaret River at the moment, is opening this weekend. That is what we set out to do—to get across the country as widely as we can, and that is growing.

Senator LUNDY—Thank you for that and congratulations, because they are all very fine exhibitions.

[10.27 a.m.]

National Museum of Australia

Senator LUNDY—My first question is to the minister. You have recently decided that three council members will only serve a single term, unlike all the other council members in recent years who, unless personally requesting to do otherwise, have served two terms. Why is that?

Senator Kemp—If you look through it, you will see that people serve a variety of terms. I think some people serve three terms; some serve longer. In general, you do not go past six years. So I do not think that is particularly unusual.

Senator LUNDY—It sticks out as another example of direct political interference with respect to the National Museum board. Are you still in the process of stacking the council board?

Senator Kemp—You are going to have to ask questions which are less leading.

Senator LUNDY—It is an opening for you to defend yourself. You can take it or leave it.

Senator Kemp—I do not have to defend myself. The appointments that one makes are important appointments. I am not stacking a board. I am hopefully making sure the board has the appropriate range of skills. I totally reject the assertion in your statement. It is quite wrong.

Senator LUNDY—The new appointments to the council, Dr John Fleming and Dr John Hirst, being a Catholic bioethicist and a critic of multiculturalism respectively, certainly give a strong impression that these are political appointments. Can you articulate for the committee what their credentials are for appointment to the board of a national institution of the importance of the National Museum?

Senator Kemp—A wide range of multicultural appointments have been made. Mr Ben Chow was appointed to the board by me. I do not know whether you object to him. Dr John Hirst is a very well-known historian, and I think widely respected. I do not think anyone has been critical of Ben Chow's appointment, nor that of Dr John Hirst, and I am surprised that you are critical of Dr John Fleming.

Senator LUNDY—I put to you specifically the issue of Dr Hirst's criticism of multiculturalism per se. Given that multiculturalism is such a strong and important aspect of Australia's cultural history and so cannot be removed from the context of the Carroll review and the museum's response, this is about using board appointments to change that emphasis and focus.

Senator Kemp—Let me get this crystal clear so that the record will show it: you are opposed to the appointment of one of Australia's most distinguished historians, Dr John Hirst, to the board of the National Museum of Australia. Is that correct?

Senator LUNDY—I am expressing concern that this looks like a political appointment.

Senator Kemp—You are concerned about the appointment of one of Australia's leading historians, Dr John Hirst, to the board of the National Museum of Australia. I think that is just nonsense. That is my view. That is complete nonsense, and I am sorry that you have said that. I am sorry that Dr John Hirst has to read this. It does not reflect on Dr John Hirst; it reflects on you, Senator. He is widely respected on all sides of what is a very important debate. He has particular views, as he should, but no-one could say that John Hirst is a man of extreme positions.

Senator LUNDY—Has he had any other experience on museum boards or in cultural positions?

Senator Kemp—He is an eminent historian. I would have thought he was particularly well suited to being on a board of a museum which concerns itself with Australian history. If you do not like this appointment—

Senator LUNDY—But, more importantly, as a critic of multiculturalism, do you think he was a good fit?

Senator Kemp—I do not know if he is a critic of multiculturalism. But then I look—

Senator LUNDY—Is he a mate of yours?

Senator Kemp—I am a very friendly person, as you know. The great problem is that—

Senator LUNDY—You have got lots of mates. I have heard that one before.

Senator Kemp—I have a huge number of friends. Has Dr John Hirst ever been to my home for dinner? No, I do not think he has. Have I ever had a drink in the pub with Dr John Hirst? No, I do not think I have had a drink with him in the pub. Have I ever played golf with

Dr John Hirst? No, I have not. Have I ever met Dr John Hirst at a Liberal Party meeting? I do not think he is a member of the Liberal Party. Does that make him a close friend of mine?

Senator TCHEN—I can assure you, Minister, that Dr John Hirst is well regarded in multicultural communities.

Senator Kemp—Thank you for that, Senator Tchen. To be quite frank, I am appalled at the attack on him today. Senator, I think that it would be appropriate, in due course, if you could give him a call and say that he is a man that you respect, because I am sure that that is the case.

Senator LUNDY—Let us turn to Dr John Fleming. What are his credentials for this appointment?

Senator Kemp—You do not like Dr John Hirst. Before we go on to Dr John Fleming, why didn't you ask me about Ben Chow, by the way?

Senator LUNDY—I will ask you about him as well.

Senator Kemp—He is also a fairly recent appointment. Is it because Mr Ben Chow is very active in the multicultural community that you did not ask me that question?

Senator LUNDY—I am asking you a question at the moment.

Senator Kemp—You are building a complete house of straw here. Dr John Fleming is a well-known public affairs commentator.

Senator LUNDY—You appoint a lot of public affairs commentators to boards in the cultural sector. Why is that—particularly when they are people who concur with the Howard government's view of the world?

Senator Kemp—One of the reasons for appointing a public affairs commentator is that they have thought quite a bit about the nature of Australia. They have made observations on the nature of Australia.

Senator LUNDY—And they concur with John Howard's view of the way things should be in Australia.

Senator Kemp—Quite frankly I have not a clue about whether Dr John Fleming concurs with John Howard.

Senator LUNDY—I think it is on the public record that he concurred with John Howard's view on matters in relation to embryos.

Senator Kemp—In order to get some clarification from you: should no-one be appointed to these boards who concur with any particular view of John Howard? Is that right? Is that the position you are putting?

Senator LUNDY—I am just making the observation. I think these are political appointments.

Senator Kemp—What is the point of making an observation—

Senator LUNDY—Because I am putting to you that these are political appointments.

Senator Kemp—That is an absurd question. Is it true that Dr John Fleming concurs with John Howard on this particular issue? The only implication you can draw from this question is

that he should be excluded from this board because he may agree with John Howard on a particular issue. It is a nonsense proposition.

Senator LUNDY—You can fill up this space with your own nonsense all you like. I put it to you that these are political appointments and I am asking you for the formal credentials, in your view as minister—given they were ministerial appointments—that these people have for these appointments.

Senator Kemp—They were actually appointments made by the Governor-General. That is the truth. That is a technical correction to your point—

Senator LUNDY—But do you have a role?

Senator Kemp—and each of those—

Senator LUNDY—Sorry, Minister; do you have a role in the appointments?

Senator Kemp—Of course I have a role.

Senator LUNDY—What is your role, if they are the Governor-General's appointments?

Senator Kemp—The role that I play is to put a recommendation to the government. The government can accept or reject my recommendation.

Senator LUNDY—How do you get your advice on who should be appointed?

Senator Kemp—I talk to everybody. I am a consultative person.

Senator LUNDY—Did the department give you advice?

Senator Kemp—The department have made requests, and sometimes I will ask the department for advice. Generally, I have to say my department tend to like to give me advice anyway, whether I ask them or not!

Senator LUNDY—It is good to see they are taking the initiative!

Senator Kemp—At times I will seek advice from the department, I will seek advice from—

Senator LUNDY—Did you seek advice on these two appointments?

Senator Kemp—I have taken soundings, yes.

Senator LUNDY—Sorry; soundings?

Senator Kemp—Yes, I take advice from people.

Senator LUNDY—What is a sounding? Is that advice?

Senator Kemp—I am not going to tell you who I speak to. You have attacked Dr John Hirst as somehow being a political appointment of mine. You have attacked Dr John Fleming. You apparently will now move on to Mr Ben Chow—what a terrible thing that I have appointed him!

Senator LUNDY—What are his credentials, while we are there?

Senator Kemp—He has extensive experience in the multicultural community. The pathetic case you were building up against John Hirst is, I understand is not correct anyway, according to Senator Tchen. You then of course bump into a problem: if Senator Kemp is doing this,

why is Ben Chow on the board of the National Museum of Australia? What makes these things political is your attitude that I must act like a Labor Party minister. You assume that all ministers act like Labor ministers do and promote their mates, stack boards and the rest of it. This government does not.

Senator LUNDY—So you did or did not consult the department on these appointments?

Senator Kemp—I cannot remember whether or not I consulted the department, but in general I seek the views of a wide range of people.

Senator LUNDY—Did you consult the council on the issues of—

Senator Kemp—No, I have—

Senator LUNDY—reappointment of existing—

Senator Kemp—I spoke with the chairman—

Senator LUNDY—Sorry, Minister, can you just let me finish my question—and I will try not to interrupt you as well, even though it is hard sometimes. Did you consult the council about the reappointment of the previous directors or indeed the appointment of the new directors?

Senator Kemp—I consult the chairman, and the chairman can then take his soundings.

Senator LUNDY—But not the whole council?

Senator Kemp—You asked me in relation to the Australia Council and I said that I consulted the chairman. I do not go around and say to—

Senator LUNDY—The National Museum council.

Senator Kemp—Mr Tony Staley, ‘Have you consulted every member of your council?’ Neither would I say to Mr David Gonski, ‘Have you consulted everyone?’

Senator LUNDY—The next question is: are you aware of the council’s views on either the reappointment of existing directors or the appointment of new directors?

Senator Kemp—All I am saying is that I consulted with the chairman.

Senator LUNDY—But not the full council?

Senator Kemp—I have said that I do not go around to individual council members and say, ‘Can I have your views on this?’ If I speak to the chairs of the bodies, they can then express a view.

Senator LUNDY—So are you aware of the views of any of the council members? Given that, previously, former members of the council had expressed the desire to either stay on or leave and that by not allowing those existing council members to serve more than one term you are actually departing from the norm, doesn’t that reinforce the whole perception that this is a political stack?

Senator Kemp—It is not departing from the norm. There are some people who get appointed for three years and some people who get their terms renewed.

Senator LUNDY—But did you ask those two departing directors whether or not they wanted to stay on or did you just give them the heave-ho?

Senator Kemp—I am not prepared to outline any discussions that I may or may not have had with council members. That is something that I will not discuss before this committee.

Senator LUNDY—I put it to you that the chairman of the council pointed out the ones that were stopping the Howard government agenda being delivered and you gave them the punt and introduced two new people as part of the Howard government political stack. What is your response to that?

Senator Kemp—It is an outrageous question. The Howard government's political stack! It is just a totally outrageous question. Who is in the political stack? Dr John Hirst? It is pathetic. He is one of Australia's most eminent historians. I think you are quite insulting to people. I do not mind taking it from you. I am in politics and this is the nature of the game that we are in. But when you attack an individual who has undertaken some public service and try to demean him and say, 'This guy is part of a political stack,' it is just outrageous.

Senator LUNDY—I think he is being used. Regardless of Dr Hirst's credentials—

Senator Kemp—So this highly intelligent man, who—

Senator LUNDY—he is being used by the Howard government in this way and you have now made him vulnerable because of the way you have used his appointment.

Senator Kemp—So where does the logic of this lead? Because of some views that Dr John Hirst may have, therefore the government should not put him on a committee? Is that what you are saying?

Senator LUNDY—I am saying he was part of a political stack—

Senator Kemp—That is an absolutely outrageous and disgraceful comment.

Senator LUNDY—and an exercise by you as minister to clean out those people on the council who were not supportive of the Howard government agenda—

Senator Kemp—That is a disgraceful comment.

Senator LUNDY—and the politicisation of the National Museum of Australia's council.

Senator Kemp—So I politicised the museum by appointing Ben Chow; I politicised it by appointing John Hirst, an eminent historian; I politicised it by appointing Dr John Fleming, a Catholic priest.

Senator LUNDY—Keep going.

Senator Kemp—This is just absurd stuff.

Senator LUNDY—Who else is on the board? Let us go through the board.

Senator Kemp—These are the ones who I have appointed recently. These are the ones who I have done, and you say this is a—

Senator LUNDY—Tony Staley, chairman; Christopher Pearson; David Barnett—

Senator KEMP—Christopher Pearson you do not like; okay. I do not know. We happen to be in government. Should I then—

Senator LUNDY—And that gives you the right to politicise a national institution? I do not agree with that.

Senator Kemp—It is not politicised. I totally object to that. You have made these outrageous statements about the Carroll report in the past. Anything that anyone does in relation to the National Museum of Australia you regard as politicisation. I think it is just an absurd position that you have adopted. The Carroll report was widely welcomed. We had to sit here around the table at the last estimates and listen to the disgraceful comments that you and Faulkner made about John Carroll—all proven to be wrong.

Senator LUNDY—All proven to demonstrate the government is moving in one direction only in the National Museum.

Senator Kemp—In the light of the Carroll report, are you prepared now to apologise to John Carroll for the comments that you and your colleagues made at the last Senate estimates?

Senator LUNDY—I am going to be referring to the Carroll review shortly. All of our concerns have been completely vindicated.

Senator Kemp—I look forward to that debate. I hope you have read the report closely because I look forward to it.

Senator LUNDY—Indeed I have. What action has been taken with respect to the director's position?

Senator Kemp—A director's position is a matter which is being considered by the government at present and we will be making an announcement at the appropriate time.

Senator LUNDY—What discussions have you had as minister with the museum council concerning the position of director?

Senator Kemp—As always, I will speak to the chairman.

Senator LUNDY—So you do not consult with the whole council?

Senator Kemp—We have been through this. In relation to the appointment of the CEO of the Australia Council, no, I did not go around and speak to every member. I consulted with the chair and I expect the chair to consult as he or she wants to. The same applies. It is the same process.

Senator LUNDY—So you just take Tony Staley's word for it?

Senator Kemp—I did not say what Tony Staley said; I just said that I consulted.

Senator LUNDY—What steps are you taking in appointing another director?

Senator Kemp—This matter is clearly under consideration by the government and we will be making an announcement at the appropriate time.

Senator LUNDY—When?

Senator Kemp—At a time of the government's choosing.

Senator LUNDY—I note that there was recent press speculation that a possible contender, Mr Steve Gower from the War Memorial, recently got unanimous endorsement from the War Memorial to have a further term as director there. What I do not understand is how it is appropriate that the council of the War Memorial has a role in unanimously endorsing the reappointment of a director and yet the museum council does not have a role or a say in the

reappointment or otherwise of the director of the museum. Doesn't that indicate specifically that the government has prevented the council expressing a view on the appointment or the reappointment of the director of the museum?

Senator Kemp—I cannot speak for the War Memorial. That does not come under my portfolio. I do not know what their processes are.

Senator LUNDY—That is convenient but it is a similar institution.

Senator Kemp—It is not convenient. You asked me to comment on the War Memorial.

Senator LUNDY—You have a different process for this national institution because you have a political agenda for it.

Senator Kemp—That is absolute nonsense.

Senator LUNDY—It is the only conclusion that we can draw.

Senator Kemp—It may be the only conclusion that you can draw but, given the paranoid view of the world that you and your colleagues have about this government, I cannot be held responsible for that. I have to say that, this morning, I have been absolutely stunned by your attack on Dr John Hirst. I am stunned that you could make those comments.

Senator LUNDY—I think it is you who have set him up, Minister.

Senator Kemp—I set him up? I appointed one of Australia's most distinguished historians to the board of the National Museum of Australia—

Senator LUNDY—Clearly as part of a political stack.

Senator Kemp—and this has come under attack from you as being a political stack, and you have said that I have set him up. How demeaning to Dr John Hirst to say that he could be used in this manner.

Senator LUNDY—Will you stop trying to avoid the question I am asking you now?

Senator Kemp—I am not avoiding the question. We get people to make a contribution in public service to this country and appoint them to major boards and positions of authority, yet they are subject to grubby attacks of the nature of the one that you have just launched on a number of people. This is one of the problems that we are going to have in this country: anyone who is not a mate of the Labor Party cannot be appointed. That is virtually what you are saying: anyone who is not a mate of the Labor Party can be subject to, at times, quite vicious attack. You should reflect very closely on what you have done and the comments that you are making about individuals.

Senator LUNDY—Can we go back to the question I just asked about the council of the National Museum being prevented from having a say about the reappointment, or appointment, of the director.

Senator Kemp—At this point in the process I have just been given a note about Dr John Hirst, which has refreshed my memory. He is running John Howard's position—

Senator LUNDY—Who is the note from? The chairman of the committee?

Senator Kemp—You will just have to find out, Senator.

Senator LUNDY—The note is from the chairman of the estimates committee.

Senator Kemp—He has made a very good point. Apparently, Dr Hirst is running John Howard's position. I am reminded that Dr John Hirst was a leader of the Australian Republican Movement in the referendum that was held. That shows you the absurdity of the comments that you are making. Frankly, my view is that you should make an apology to John Hirst for what you have been saying. That is what I think you should do.

Senator LUNDY—Can we go back to the question—

Senator Kemp—Okay, we will go back to the appointment issue.

Senator LUNDY—No, can we go back to the question of you preventing the council expressing a collective view about the reappointment of the director.

Senator Kemp—I did not prevent the council. This is a Governor-General's appointment, not an appointment by the council. I have said I consulted the chair, and I do not know what more you want. But that is what I have done.

Senator LUNDY—So what process will now be followed for appointing a successor to Ms Casey?

Senator Kemp—They will have to say whether they are prepared to have their names traduced in public by you, I guess. In fairness to them, I would have to say that every person who gets appointed is going to be somewhat unpleasantly attacked by you. But I suppose that is the nature of the modern Labor Party, and that is something we have to accept. But I am sure I will be able to persuade people of some eminence to serve on the board of the National Museum of Australia.

Senator LUNDY—Dr Philip Jones has been named as a potential successor. I note his role in helping to establish the case that the Hindmarsh Island secret women's business was a fabrication. That was, obviously, overturned later by the Federal Court. Is he a contender?

Senator Kemp—I do not propose to discuss that.

Senator LUNDY—Can you rule it out?

Senator Kemp—I do not propose to discuss who are and are not contenders.

Senator LUNDY—You already have another player from the conservative side of the argument on the Hindmarsh Island affair, Christopher Pearson, on the board. Is he lobbying for Dr Jones to be appointed as director?

Senator Kemp—I am surprised you are raising Dr Jones. Have you read the Carroll report?

Senator LUNDY—I am reading the newspaper article from the *Australian* on 28 August.

Senator Kemp—Are you aware that Dr Jones was the one member of the committee who delivered a minority finding in relation to the report?

Senator LUNDY—I think you should just answer the question.

Senator Kemp—No, because you are not aware of it. What you are doing is conducting a typical Senator Lundy spray. The first thought that comes into your mind that you can attack somebody with you do. I am not prepared to comment on particular names. It is not fair to the individual, and it is not an appropriate process, so I do not propose to comment.

Senator LUNDY—When will you make that decision?

Senator Kemp—When the government is ready to do it.

Senator LUNDY—But when is Ms Casey's term due to expire?

Senator Kemp—Ms Casey's term will finish at the end of the year.

Senator LUNDY—Will you make an announcement before the end of the year or are you going to allow that position to fall vacant?

Senator Kemp—The government will make an announcement at the appropriate time.

Senator LUNDY—The 2002 report on funding for the National Museum provided the government with three funding options. Under FOI it became clear that the government funded the lowest option, effectively starving the museum of funds. Why did the government make that a decision? And I appreciate, Minister, that this information had to be sought. It was not provided on the public record. Can you explain why the museum was effectively starved by the Howard government?

Senator Kemp—Let me just go through this. It is a budget decision—that is the first thing. The second thing is that I want to address this particular issue. The museum has been starved of funds, according to Senator Lundy. Could an officer at the table read out the figures for the last six years regarding what the government has provided to the museum each year so that we can nail this one? While we are doing that, Senator—we will get those figures for you—you will find that it was this government that established the National Museum of Australia. Labor was in power for 13 years. I agree that, if Labor had had a 14th year, it would have done all these things in the 14th year, but the Labor Party did not get around to it. The museum was established by us. The budget in the last two or three years has risen very substantially. Do you have any figures?

Ms Gosling—The figures I have are that in 1995-96 the National Museum—these figures are less the capital user charge—received \$6.2 million, in 2000-01 it was \$20.9 million, in 2001-02 it was \$29.2 million, in 2002-03 it was \$39.3 million and in 2003-04 it was \$39.97 million.

Senator Kemp—So this is starving the National Museum of funds. The funds in the last three years have gone up. In 2000-01, the budget of the National Museum of Australia was \$21 million. Today it is close to \$40 million—and we have starved the National Museum of Australia of funds?

Senator LUNDY—You cannot pretend that that report was not written—

Senator Kemp—It is just an absurd comment. I do not know who does your research.

Senator LUNDY—and you cannot pretend that the option that the government chose was option C, which was the least funding to allow them to fulfil their vision for the National Museum.

Senator Kemp—What a surprise. An institution—

Senator LUNDY—Minister, when I am speaking you be quiet, because you do ask the same respect in return and I try to give it, even though you do tend to—

Senator Kemp—You often fail, I have to say.

Senator LUNDY—The issue here is that there was a report that was revealed publicly, after some detailed effort, which showed the government chose—against the advice, I understand it, of certainly the museum—to pick the lower funding option. I will come back to that point. I have some questions specifically to Ms Casey. I am very interested to know what the museum’s perceptions are of any partisanship or political role of some of the museum council members. I am interested in Ms Casey’s perspective of what the perception is within the museum about any political—

CHAIR—I wonder whether that is not straying into the area of seeking opinion about policy.

Senator LUNDY—I am not asking about policy.

CHAIR—But it is government policy.

Senator Kemp—You are asking the director of the museum to make comments on individual board members. I do not think it is appropriate.

Senator LUNDY—I am asking about some council members. I am not asking Ms Casey to—

Senator Kemp—You are asking the Director of the National Museum of Australia to single out council members and comment on them.

Senator LUNDY—No. I am asking her to make a comment about how the conduct of council members is perceived. I think I am entitled to ask that question.

Senator Kemp—Perceived by whom?

Senator LUNDY—Perceived by the museum.

Senator Kemp—I suspect that, in an institution with large numbers of people, people would have a variety of views.

Senator LUNDY—I am going to ask Ms Casey to answer. You can direct her not to, and then you are obfuscating this process.

Senator Kemp—Senator, you will follow procedures. Your questions are to come through me. Just to make it clear, let us understand what the rules of the game are. You direct your questions to me, and then I will seek further advice if I choose to. The point I am making is that, in my view, seeking comments from a director of an institution about board members is not appropriate for Senate estimates.

Senator LUNDY—You can direct Ms Casey not to answer. I want to ask her—

CHAIR—Senator, really you should exercise responsibility, because you are outside the bounds—

Senator Kemp—You are outside the bounds, and I have answered the question.

CHAIR—You must go through the minister if the minister so directs.

Senator LUNDY—All right. My question does not go to individual board members.

Senator Kemp—It does.

Senator LUNDY—It goes to the perception of the operation of the council. Is it perceived by the museum and officers of the museum as being political or partisan in any way?

CHAIR—That question is out of order.

Senator Kemp—That question is completely out of order.

Senator LUNDY—Are you directing Ms Casey not to respond?

Senator Kemp—No. I have answered the question. Dawn Casey can make an observation if she wishes to. But my view is that—and I would not want to be in a position where people might accuse me of censoring people—it is an inappropriate question. To ask a director of a major institution to make observations on members of her board is, to me, quite an outrageous question. I have never heard such a question since I have been in Senate estimates.

CHAIR—Quite so.

Senator LUNDY—Do you have any comment, Ms Casey?

Ms Casey—Not on the staff of the museum. I could not possibly comment on what the perception of all the staff in that organisation is about board members. I can comment on the perceptions that newspapers are always querying me on, and they are the same things that you raise.

Senator LUNDY—Can I ask you about that then? As the director of the museum, does it concern you that there is obviously a growing perception in the media that the council is being politicised?

CHAIR—Senator, you are really leading the witness.

Senator Kemp—That is a total leading question. There is not a growing perception in the media. There might be one or two Lundy mates who are running her lines, but there is not a growing perception in the media.

Senator LUNDY—I am asking Ms Casey whether she sees that observation.

Senator Kemp—You have mentioned the politicisation of the board. In recent months I have appointed Mr Ben Chow, Dr John Hirst and Dr John Fleming—all of them distinguished people in their own ways. I believe the case that this is a political stack has totally fallen over, given the distinction of these people and their variety of interests.

CHAIR—These are really not appropriate questions. We should not be going down this track.

Senator LUNDY—Are you directing Ms Casey not to answer that question?

Senator Kemp—No. The question is out of order.

Senator LUNDY—I think it is a fair question.

CHAIR—You should exercise responsibility, Senator. You are putting these staff in a very difficult situation. They really are areas which reflect on government policy, and I really do not think you should be going there at all.

Senator LUNDY—I think that I am asking questions that generally relate to the welfare of the institution, and I think the director is well placed to reflect on that.

CHAIR—We will seek the advice of the minister.

Senator Kemp—This is a rather inept political attack from Senator Lundy, poorly informed as usual, and full of wild generalisations, accusations and propositions which are not sustained by the facts. The question is quite out of order. It is quite improper to put the director, who is a public servant, on the spot like that.

Senator LUNDY—Ms Casey, are you aware of either the council or yourself as director having been consulted on any membership issues of the council or, indeed, the performance of individual councillors approaching reappointment?

Senator Kemp—I have answered that question.

CHAIR—Senator Lundy, I would just like to draw your attention to the standing orders relating to estimates. Standing order 26(5) states:

The committees may ask for explanations from ministers in the Senate, or officers, relating to the items of proposed expenditure.

That is the limit to which you may question officers.

Senator LUNDY—I put to you, Chair, that issues relating to the appointment of board members do in fact cover issues of expenditure, not only in how the council make decisions about how the National Museum expends money but also of course in the very tangible and direct implications regarding their remuneration.

CHAIR—I am afraid I do not agree with you.

Senator LUNDY—I did not think so. You are trying to look after the minister's interests. He is clearly very uncomfortable with this issue.

CHAIR—I think the minister is capable of looking after himself. I am trying to look after the Senate's interest.

Senator Kemp—Look at your great competence, Senator. You have attacked one of Australia's most distinguished historians and you have alleged that we have cut funding for the National Museum of Australia when in the last three years it has doubled. I would have to say that on the incompetence scale you are ringing loud and clear. It is an appalling performance in my view.

CHAIR—The secretary has just drawn my attention to the fact that it is 11 o'clock and at 11 o'clock we tend to have a morning tea break, which perhaps we might do and resume at 11.15.

Senator LUNDY—Hang on; I have still got a few more questions along this line.

CHAIR—You will be able to ask them at 11.15.

Senator LUNDY—If the minister is going to insist that we stop now and not prolong his discomfort—

Senator Kemp—If you have got 10 minutes worth of questions for the National Museum of Australia, in my view we should finish the National Museum of Australia. If you want to go on for the next hour or so, in my view we should break.

Senator LUNDY—Let us break then.

Proceedings suspended from 11.01 a.m. to 11.18 a.m.**National Museum of Australia**

CHAIR—We will resume these inquiries. Please proceed, Senator Lundy.

Senator LUNDY—Thank you. Before I resume I would like to say that, having been reminded about the standing orders of Senate estimates committees, I was able to review them during the break and indeed standing order 26(5) permits me to ask questions directly of officers. It is certainly within the power of the Senate vested in these estimates committees.

CHAIR—If it is related to expenditure—that is the qualification contained in that. It is an important qualification.

Senator LUNDY—Indeed, but that is a separate issue. The minister expressed an opinion that in fact all questions went through him. That is incorrect, although I accept, Chair, the detail of the standing orders on the issue of relevance as being something within your purview to determine.

CHAIR—It is indeed.

Senator Kemp—I may have to seek further advice on that, Senator. I am always loath, as you know, to accept a definitive statement from you—

Senator LUNDY—To concede any point.

Senator Kemp—particularly relating to standing orders, but I will be generous. I will look closely at it. I think the issue I am concerned with is that we should not put public servants in a position which many would regard as an intolerable position. Public servants are here not to make comments on their chairs, on their boards—or on ministers, actually.

Senator LUNDY—I always reflect adversely on you, Minister!

Senator Kemp—I think we should be very careful, Senator Lundy, about putting them in that position.

CHAIR—I think that is a point well made, Senator Kemp. I do just repeat the standard opening statement sentence which says:

I also remind officers that they will not be asked to express an opinion on matters of policy and that they shall be given reasonable opportunity to refer questions asked of them to superior officers or to a minister.

Senator LUNDY—If that is the issue that is being used to prevent Ms Casey from answering, then it concedes my point: that this is a matter of stacking and that partisanship is a matter of policy. I actually did ask Ms Casey about the perception of politicisation of the Museum. I still think that is a legitimate question—

CHAIR—No, it is, regrettably, not.

Senator LUNDY—and I ask her to comment on whether or not she believes that perception is there. She has already stated that she is not able to comment or reflect on the Museum administration's view but, I believe, is in a position to comment on the wider perceptions of the politicisation of the Museum, so I ask her again.

Senator Kemp—Let me say why I object to that question. Firstly, it is clearly leading the witness. It is assuming something which has not occurred. The argument that the Museum has been politicised, I think—

Senator LUNDY—That is why I am asking about the perception.

Senator Kemp—is wrong. Secondly, the APS values, the values of public servants, generally require public servants to be apolitical. In other words, you are trying to draw the director into a political debate—which you and I should have, actually. I would be happy to sit here all day. If you want to discuss the Museum and you want to discuss the Carroll report, we can be here all day. I am very happy to do that. But I think you are putting a public servant in a very difficult position. My view is that you are running this line—basically, you are in opposition, and you will probably be there for a while yet—that everything is being politicised so, therefore, you attempt to build this case on a very flimsy basis, I would have to say. Ms Casey will, obviously, make her own decisions, but that is my strong view.

Senator LUNDY—Ms Casey?

Ms Casey—I will not answer from a political point of view. I think the issue about the National Museum is far broader than that. The National Museum has been caught up in what everyone talks about as the culture wars. I think that has been very unfortunate. It just so happens that the history wars tend to split down conservative and not so conservative lines. I think, really, the Museum being caught up in the history wars is very unfortunate for the organisation itself. We have certainly tried to not take sides in that. Our presentation of history in the Museum—in the development of the exhibitions and all our programs—is based on a range of views from a range of academics across the country. It has been extremely unhelpful that in the last few years we have been brought into the culture wars that exist out there.

Senator LUNDY—Thank you. Do you think that the advent of the Carroll review and the subsequent response by the council to that review is a perpetuation of these history wars being played out in the arena of the National Museum of Australia?

Senator Kemp—I think that, again, Ms Casey has been asked to make a comment on a decision made by the board. That is again a very unfortunate line of questioning, Chair.

Senator LUNDY—I asked the question.

CHAIR—Senator Lundy, you are putting the director in a very difficult position, and I think you should perhaps be a little bit sensitive to her interests.

Senator LUNDY—The director has the opportunity to decline to answer the question, and I will respect that.

CHAIR—You also have a responsibility to operate within the bounds of the rules, and the standing orders quite clearly state that questions to officers should be related to expenditure.

Senator LUNDY—With all due respect, Chair, the response to the Carroll review relates directly to expenditure, as it advocates the expenditure of some \$40-odd million. It falls directly within that context.

CHAIR—If you put your question in an expenditure context, then the question is in order, but you have not done that.

Senator LUNDY—I asked the question.

CHAIR—It is not in order because it does not relate to expenditure.

Senator LUNDY—I ask the same question and then say: and what are the financial implications if the Carroll review recommendations are accepted?

CHAIR—That is a different question, and that is in order because it relates to expenditure.

Senator LUNDY—You can try and shut this down all you like, Chair. It is a legitimate question. I am asking you to give the director the opportunity to respond.

CHAIR—You have to operate within, not outside, the rules and regulations which govern estimates. At the moment you are out of order.

Senator LUNDY—I believe that the witness is being gagged.

CHAIR—Your comment is noted but disagreed with. I suggest we move on to another subject.

Senator LUNDY—Is the director of the view that the initiation of the Carroll review, which did involve some expenditure and from memory some hundreds of thousands of dollars in terms of the process, was part of the playing out of the history wars under the auspices or within the purview of the Australian National Museum?

CHAIR—That is not really an expenditure question.

Senator LUNDY—It is. Stop trying to gag the discussion.

CHAIR—I have ruled that out of order once, and I rule it out of order again. I suggest you move on to something more within the rules and regulations governing estimates, which are questions related to expenditure.

Senator LUNDY—Chair, I want to persist with this question because it does relate directly—

CHAIR—We might have to adjourn the estimates if you really want to make an issue of it, because we cannot continue if you are not going to operate within the regulations governing estimates.

Senator LUNDY—I believe the witness is being gagged, not by the minister in this case, but by the chair ruling a legitimate question out of order, and that concerns me. I also know that as a member of the opposition I do not have the numbers on this committee, so if the chair or the government decides to shut this committee down there is nothing I or the Labor opposition can do about it. On that basis, I am prepared to move on and hope that government members of the committee duly note that I consider Ms Casey to have been effectively gagged by the chair ruling my questions out of order and threatening to shut the committee down.

CHAIR—Your concerns are noted, but we all have to operate within the standing orders, and that is simply what I am asking you to do. I thank you for agreeing to move on.

Senator LUNDY—I am disagreeing, but I am conceding that I cannot win this one based on the numbers on the Senate estimates committee. On that basis, I am prepared to move on. I do not accept that my question is out of order.

CHAIR—Thank you, Senator.

Senator LUNDY—Ms Casey, can you confirm that any purchase for the collection of any item of over \$100,000 in value must be submitted to the council for consideration?

Ms Casey—I will have to take that on notice. I thought it was \$200,000, but I would need to check that.

Senator LUNDY—Is it true that there is already a process within the National Museum administration to regulate the exercise of acquiring exhibits?

Ms Casey—I am not sure what you mean. We do have a collection policy, and we do have a committee with Museum staff that looks at acquisitions.

Senator LUNDY—That is really what I was after. So you do have a process in place?

Ms Casey—Yes.

Senator LUNDY—In the light of that, can you provide an explanation of why at least one council member is quoted in the council's minutes of 1 September 2003 as arguing for a more active council role in deliberating acquisitions and curatorial policies?

Ms Casey—I cannot elaborate, because we also have a subcommittee of council that makes recommendations on acquisitions to be listed on the national historical collection.

Senator LUNDY—Is that committee separate to acquisitions?

Ms Casey—Yes. The council members do not actually purchase things.

Senator LUNDY—That goes back to my original point: what does the value of an acquisition have to be before the council, or its members, has a role in deliberating acquisitions and curatorial policies?

Ms Casey—I will need to check the exact amount. For our sort of museum, unlike an art museum, it would be a big expenditure if we were looking at \$100,000 to \$250,000 or more. I think we have only had one case where we looked at this type of purchase, and I sent to the chairman and the collections committee a note saying that we would be in the market to purchase an item. I do not think it is a specific amount. It is approximately between \$100,000 and \$200,000, but I will check that.

Senator LUNDY—It would be unusual for a council of an institution of the Museum's type to be involved in any smaller acquisitions or, indeed, in curatorial policies. Can you confirm that or give me your view?

Ms Casey—I think it is the role for boards and councils to be involved in the broad strategic directions of an institution. They might have some advice that there is a particular collection available. That seems to me to be entirely appropriate—that people, knowing that members are on the board of the National Museum, mention a collection that the Museum could be interested in acquiring. We often have board members saying, 'Look, I've heard of this collection.'

Senator LUNDY—But the comment advocating or arguing for a more active council role in deliberating acquisitions and curatorial policies would represent in this circumstance increased involvement by the council in those decisions.

Ms Casey—That may have been one council member. You have people on many councils who possibly would like to do different things, but in the end you have to see what all the council members agree to.

Senator LUNDY—In your professional experience, is that an appropriate approach to the management of collections?

Ms Casey—It is not if in the end it is agreed to, but that has certainly not been agreed to in the case of the National Museum.

Senator LUNDY—Are you aware of any division or conflict within the council over this and related issues?

Senator Kemp—It is one thing to speak about the acquisitions policy, it is another thing to speak about the council. The council has certain authorities, and it may seek to get involved in some things and not in others. I am not resisting your questions on acquisitions. They are quite interesting actually. But to be commenting on particular views that may or may not be held in the council seems to be going a bridge too far.

Senator LUNDY—I have some questions to the department in relation to the Carroll review. What contact has the department had with Dr Carroll since his committee submitted the museum report?

Ms Gosling—As the manager of the secretariat I have had no further contact with Dr Carroll since that time.

Senator LUNDY—Has Dr Carroll been consulted at all either by the department or by the minister's office on implementation priorities for the review?

Ms Gosling—I can only speak for the department, and he has not been consulted at all.

Senator LUNDY—Minister, have you consulted with Dr Carroll?

Senator Kemp—I have spoken to John Carroll.

Senator LUNDY—About these priorities?

Senator Kemp—No. I have spoken in very general terms about the report and how the report was being received. My general impression is that the report was very well received. There were some people who were critical of it. Some broad and important directions were specified by Dr Carroll. My view is that—

Senator LUNDY—Do you agree with them?

Senator Kemp—Just looking at the comments, I think it was an excellent report.

Senator LUNDY—So you agree with the recommendations in the Carroll review?

Senator Kemp—It says the review has pointed out the need to make changes so the Museum celebrates the achievements in Australian history of both Indigenous and non-Indigenous people. I would be surprised if anyone queried that sort of comment. I do not think you would query that, would you?

Senator LUNDY—So have you directed the department to pursue the Carroll recommendations?

Senator Kemp—I think you misunderstand the process. The process is now with the Museum and I am waiting for a formal response from the Museum. That is what I am waiting for. The government has not made decisions on this matter. But from my point of view the Carroll report made a very useful and important contribution. I accept not everyone would agree with it. I was surprised by the fairly widespread support that the review had. There were aspects of it which surprised a lot of people, people who may well have been potential critics of the review.

Senator LUNDY—Thanks, Minister, for that ramble.

Senator Kemp—It was not a ramble. Dear, oh, dear. I am just trying to help you, Senator.

Senator LUNDY—Just be quiet for a minute. I need to ask questions of the department officials.

Senator Kemp—I do not think you can tell me to be quiet. I will make comments as I wish. You ask your questions and I will respond.

Senator LUNDY—Have department officials been in contact with the Museum about the Carroll review in any way, shape or form?

Ms Gosling—Dr Stretton, the departmental deputy secretary for arts and sports, attends council meetings of the Museum. This is general practice with all of the agencies within the portfolio. He is an observer at those meetings. In that context, he had access to the council papers in terms of preparation of draft responses and would have been involved in the discussion. He may have been asked for his views at the meeting.

Senator LUNDY—Did you say that he was involved in the preparation of the draft response?

Ms Gosling—No, he would have seen the documentation that is being prepared by the Museum.

Senator LUNDY—The minutes or the documentation?

Ms Gosling—Yes, he receives the board papers.

Senator LUNDY—But he is not a member of the board.

Ms Gosling—He attends as an observer.

Senator LUNDY—So why does he get the papers?

Ms Gosling—As an observer at the meeting to be able to engage in a way—

Senator LUNDY—Does he participate in the meetings?

Ms Gosling—I do not attend. If he was asked for his view by the chair then he would give it.

Senator LUNDY—Can anyone else shed any light on Dr Stretton's involvement in the board or council?

Ms Gosling—Just to reiterate, it is general practice that departmental officers attend meetings of all the portfolio agencies.

Senator LUNDY—I understand that but you did say, and *Hansard* will show, that he had some involvement in the preparation of council's response to the Carroll review and that—

Ms Gosling—Sorry; what I meant to say is he has received the board papers.

Senator LUNDY—Did you see those papers?

Ms Gosling—Yes.

Senator LUNDY—So he gave them to you?

Ms Gosling—Other officers within the department see board papers and prepare advice for him in terms of his attendance at the meeting. But that is standard practice across all agencies.

Senator LUNDY—Is it? Do you do that for other boards?

Ms Gosling—Yes.

Senator LUNDY—So who would have seen the papers from the council?

Senator Kemp—Perhaps I could ask something further: was it standard practice in relation to the previous government?

Ms Bean—As far as I know.

Senator LUNDY—It is a Dorothy Dixier. You are supposed to say yes but if you were not there you will not be able to say yes.

Ms Gosling—I did not work here then so I am not sure.

Ms Williams—There are some agencies where we are actually on the board.

Senator LUNDY—I know that.

Ms Williams—But most of them—

Senator Kemp—What Senator Lundy is trying to do is to suggest that there is something improper about this. There is not anything improper about this.

Senator LUNDY—Give me time, Minister.

Senator Kemp—I suspect—

Senator LUNDY—How do you know that? You suspect the worst of me all the time.

Senator Kemp—It is long experience, Senator Lundy, I have to say.

Senator LUNDY—I am trying to get through these questions and you have just given me a really good idea. You have alerted me to the fact that there could be something improper going on here and now I am compelled to pursue it to the nth degree. Ms Gosling, can you tell me what other contact there has been between the department and the Museum, other than the papers of the council and preparation of papers and advice in relation to council matters, relating to the Carroll review? Has there been any contact between the department and the director and the Museum administration in relation to the Carroll review?

Ms Gosling—As with directors in a number of the agencies, I am in regular contact with them about a range of things.

Senator LUNDY—So the answer is yes?

Ms Gosling—Yes.

Senator LUNDY—Have you advocated any views of the department directly to the Museum director or administrators of the Museum in relation to solutions or ideas emanating from the Carroll review?

Ms Gosling—There has been some draft documentation from the Museum. Dr Stretton was asked by the chairman of the council, as I understand it, to have a look at a draft of the letter from the chairman to the minister in relation to the council's decision on the response.

Senator LUNDY—Dr Stretton was asked to comment on a letter from the chairman of the council to the minister. So that draft letter ended up in the department, did it?

Ms Gosling—Yes, but as Dr Stretton is involved in the council meetings, if the chairman—

Senator LUNDY—It is a closed loop on advice to the minister if you have the chairman of the council working with an officer of the department on the letter to the minister. How does that make you feel, Minister? Are you aware of the level of collaboration between Dr Stretton and Tony Staley in providing you with advice so that you get the same advice coming from two angles? Are you happy with that—

Senator Kemp—I get advice from a variety of circles—

Senator LUNDY—or have you set it up like that?

Senator Kemp—You do not even know what the advice is. As far as I am aware, I have not even seen it.

Senator LUNDY—It almost does not matter in this case because whatever it is it is going to be the same coming from both directions.

Senator Kemp—Your view is that the Museum should not consult with the department. Is that your view?

Senator LUNDY—Not necessarily—

Senator Kemp—It is an important issue of principle because one day—

Senator LUNDY—but it concerns me that there is independent advice coming to you, which is what the department's job is as opposed to just collaborating with a political appointment—Tony Staley, who is the chairman of the National Museum.

Senator Kemp—Hold on! I know that when I am about to make a statement that you get very excited, Senator, on these issues. I want a very clear statement from you, because you may, God forbid, be in this chair one day.

Senator LUNDY—I look forward to it.

Senator Kemp—In that case, your answer to this question is going to be very important. Is it improper for the department to consult with the Museum and vice versa? What is your answer to that, because all your questioning is based on this position.

Senator LUNDY—I think it is entirely appropriate for them to consult with the Museum, but I have a problem with the closeness of the relationship between the chairman and members of the council and the department, and that is what I am exploring at the moment, because they are the governing body.

Senator Kemp—So we have now discovered that it is entirely appropriate for the Museum to consult with the department. We have discovered that. So Senator Lundy has given that a big tick.

Senator LUNDY—No, I have not given that a tick; I am exploring it. Now be quiet—

Senator Kemp—It is important because you may well be in this chair one day—

Senator LUNDY—while I ask my questions of the officers.

Senator Kemp—No, you will be quiet while I am responding.

Senator LUNDY—Stop trying to interfere and gag debate.

Senator Kemp—I know you get nervous about this because you are going to have to state an opinion, but it is an important issue of principle. In my view it is entirely appropriate that public servants attend these board meetings, particularly at the invitation of the board. If you are opposed to that, you had better tell me. It is entirely appropriate that the department should consult with the Museum and vice versa. If you are opposed to that—

Senator LUNDY—I am not so sure about that. I think they are an independent—

Senator Kemp—you should make your position clear, because if you ever happen to be in this chair people will look back at your comments on this.

Senator LUNDY—What I am concerned about, Minister, as I am sure you are well aware, is that there has been inappropriate consultation between the governing council, the independent institution and the department. I do not know if there has been—

Senator Kemp—You have made a big statement. What is the basis for that?

Senator LUNDY—Your defensive attitude, for a start. If you would be quiet and let me get to my questions, we could resolve it.

Senator Kemp—You have said that there has been an improper consultation. What is the evidence for that?

Senator LUNDY—I do not know if there has been yet.

Senator Kemp—What is the evidence for that?

Senator LUNDY—I am finding out. I am saying that if there is—

Senator Kemp—So you have actually drawn the conclusion and now you are trying to find out whether it can be sustained.

Senator LUNDY—No, I am trying to keep you accountable.

Senator Kemp—You have made the accusation but you have no evidence whatsoever.

Senator LUNDY—We know that Dr Stretton got a copy of the council papers, distributed them around the department for comment and advice, and we just heard that a draft letter from the chairman of the National Museum was provided to the department to comment on and that that letter relating to the Carroll review would be going back through the chairman, presumably to you. That indicates to me that the department has effectively had a hand, very strongly, in the views prepared by the council in relation to the Carroll review. If you think

that is okay, fine. I have a problem with it because it is supposed to be an independent institution.

Senator Kemp—You might have a problem with it. Let me get at what the guiding principle is here for you. This will be quite significant.

Senator LUNDY—Do you think that is okay?

Senator Kemp—Hold on! Do not get nervous again, Senator, because you are going to expose the paucity of your argument. Is it improper for the chairman to consult, particularly at the initiative of the Museum, with the department on anything?

Senator LUNDY—I think in this circumstance, yes, it is improper—

Senator Kemp—It is improper. It is a very interesting statement of principle.

Senator LUNDY—because we are dealing with a politically stacked board doing the department's and your bidding. That is what we are dealing with. Given you have had contact with the Museum and, we now know, through the council regarding aspects of the Carroll review, how do you reconcile that with the department being vehement that it had quarantined the Carroll review from the department generally? Why at the last round of estimates has that now changed? Why are you in there doing all this work through the council on the Carroll review in advocating solutions?

Ms Williams—Senator Lundy, I am getting increasingly upset because you are calling the department improper, and we have been extremely proper about all of this. When we were the secretariat of the review, it was quarantined because we were doing a different role. We were asked to do that by the Museum. We were playing a different role, so that was quarantined from the normal advice functions of the department.

Senator LUNDY—And that has changed?

Ms Williams—We are now in a different role. We are now providing normal advice to government, which is what departments are for. We have done it extremely properly, and we have not traversed that line at all. I am sorry, but I am getting a little bit upset for my officers. They are being very correct about this.

Senator LUNDY—What charter do you have as a department—

Senator Kemp—Mr Chairman, can I just make an observation here. Senator Lundy has attempted to attack members of the board—Dr John Hirst and Dr John Fleming. She is now attacking members of the department, calling their behaviour improper. Senator Lundy, you and I can have a political debate, and you can call me names if you wish—we can do that—but the unrestrained nature of your attacks on individuals and on their characters is appalling. I would very much appreciate, and I think it would help us to move forward, if your comment that there was improper behaviour by the departmental officers could be withdrawn. To leave that on the record unchallenged is not acceptable.

CHAIR—That is a fair point. Senator Lundy, would you withdraw the comment?

Senator LUNDY—I should be allowed to finish my questions first.

CHAIR—I think you should withdraw that comment.

Senator LUNDY—I am happy to withdraw it—

CHAIR—Thank you.

Senator LUNDY—on the basis that I have not established it as yet, but I think the evidence is there.

CHAIR—You either withdraw it or you do not.

Senator LUNDY—As I said at the time, that is what I am pursuing.

CHAIR—You have withdrawn the comment.

Senator Kemp—You do not reach the conclusion before you have established the case.

Senator LUNDY—I will say it again if you like. You have got your point: I have withdrawn and I will move on.

Senator Kemp—You have convicted people before you have established the case. You have called their actions improper. You have not established the case.

Senator LUNDY—Okay. Can the departmental officers tell me what charter they have—

CHAIR—You have withdrawn it, though?

Senator LUNDY—I said that, just to move on and to keep the minister quiet.

CHAIR—Thank you for withdrawing those comments.

Senator LUNDY—I am still pursuing the issue. What is the basis for the department now assuming that it has an active role in determining policy on exhibitions and collections when the Museum has a council legally charged with that task? The vehicle was that it provided advice specifically to the chairman on matters relating to the Carroll review, through Dr Stretton.

Ms Williams—Our real role is to provide advice to government, as you said. In this particular case we have an observer on the board, and that observer is, I think, consulted by both the chairman and the chief executive.

Senator LUNDY—I am talking about the chairman. We now have on the record evidence that the chairman is using the departmental observer to provide advice on collections, policy and exhibitions. That is what I think is improper, and I want an explanation.

Ms Williams—Unfortunately, the particular person is ill at the moment and so cannot answer for himself.

Senator LUNDY—Can you take that on notice?

Ms Williams—Yes, we will take it on notice.

Senator Kemp—Mr Chairman, while there is a brief lull, I want to quote from the 10th edition of *Odgers Australian Senate Practice*, which I have just got hold of. It relates to a matter that Senator Lundy raised earlier on. On page 330, it states:

The Estimates Committees were intended to achieve the advantage of more expeditious consideration of the estimates, in that three Estimates Committees could meet simultaneously. An additional advantage was that questions could be put directly to departmental officers, subject to the right of ministers to answer questions themselves.

I think if that is still the practice it puts a slightly different spin on the matters that were raised earlier.

Senator LUNDY—Minister, are you going to persist in arguing that I do not have a right to ask officers questions—

Senator Kemp—In the light of what I have received—

Senator LUNDY—because we can give Harry Evans a call now and get him to make a ruling on the standing orders.

Senator Kemp—I did say to you ‘subject to the right—

Senator LUNDY—He is probably listening to all of this and having a good laugh at your expense.

CHAIR—With respect, the minister was quoting Odgers.

Senator Kemp—I think he may be laughing, Senator, but I am not sure at whom he would be laughing. As I said, it says ‘subject to the right of ministers to answer questions themselves’.

Senator LUNDY—Or gag witnesses, as we have seen.

Senator Kemp—I just make that point to correct the record.

Senator LUNDY—Can anyone from the department tell me what was the basis for one of the officers—being Ms Gosling—telling the Museum that, if it wished to receive more money, it would have to provide the government with greater detail about exhibition content?

Ms Gosling—Sorry, Senator, what are you referring to?

Senator LUNDY—I am referring to statements by you, apparently, telling the Museum that, if it wished to receive more money, it would have to provide the government with greater detail about exhibition content. Did you say that to the Museum?

Ms Gosling—I am not sure that I recall saying that. I would like to understand more of the context. There are a lot of discussions, as I said, regularly with the Museum about a whole range of issues, so I would like to understand the context more before I answer the question.

Ms Williams—Senator Lundy, for a range of our agencies, if you put a proposal up in the budget context, it obviously needs detail to back it otherwise government will not consider it. We need arguments, so we frequently go back to agencies and say, ‘We need some more detail,’ and it may have been in that context that Ms Gosling asked the question.

Senator LUNDY—So you are not denying that in some context Ms Gosling told the Museum that, if it wished to receive more money, it would have to provide the government with greater detail about the exhibition content?

Ms Williams—My comment was not on what Karen may or may not have said; my comment was on how we go to agencies generally if we need more information to put forward a budget proposal. As you realise, money is extremely tight, and we need the arguments if we are going to put forward a proposal.

Senator LUNDY—Indeed, and this is a question about the process by which the department establishes its view and its advice.

Ms Williams—I may have misheard you but I thought what you were referring to was actually asking for more detail or information. That is what we frequently do when we are putting up a proposal. If it is not well argued, it does not get past first base.

Senator LUNDY—Ms Gosling, can you tell me whether or not you have ever said to the Museum that, if it wished to receive more money—that is, a greater budget allocation—a condition of that would be providing the government with greater detail about exhibition content?

Ms Gosling—I do not recall those words and I think—

Senator LUNDY—I do not know if they were the exact words but they were words to that effect.

Ms Gosling—So you are not purporting to quote me?

Senator LUNDY—No.

Senator Kemp—That is interesting.

Ms Gosling—I find it a bit difficult to answer the question. I would go back to what the secretary has just said in terms of the ongoing discussions and dialogue we have with all of our agencies about budget proposals.

Senator LUNDY—Have you ever spoken to the Museum about exhibition content in the National Museum?

Ms Gosling—I do not recall any conversations in particular with any of the Museum staff in which I would have said that, so unless I understand more—

Senator LUNDY—Can you answer my question?

Senator Kemp—Just wait until the public servant has responded and then you can ask her another question.

Senator LUNDY—I am waiting.

Ms Gosling—Unless I understand what information you have and the context in which I am meant to have said that, I find it very difficult to answer that question.

Senator LUNDY—My question to you is: have you ever discussed with the Museum the issue of exhibition content?

Ms Gosling—That is a very broad question.

Senator LUNDY—It is a very specific question: have you ever discussed with the Museum the issue of exhibition content?

Ms Gosling—The department would not purport to have a view at any stage about the details—

Senator LUNDY—I am not asking about that.

Senator Kemp—Senator, you will wait till the witness has responded and you will not attempt to harass the witness by butting in.

CHAIR—I think that is a fair point, Senator: let the officer answer.

Ms Gosling—I can only reiterate what I have said: I do not recall any specific conversation where I have said that to any of the museum staff.

Senator LUNDY—Ms Bean, have you ever had a conversation with the Museum regarding exhibition content?

Ms Bean—No.

Senator LUNDY—Ms Williams, have you ever had a conversation with the Museum regarding exhibition content?

Ms Williams—No, I have not.

Senator LUNDY—Ms Casey, have you ever had a conversation with the department about exhibition content?

Ms Casey—Not specifically about the content as such, but I certainly had discussions in relation to the review.

Senator LUNDY—Who were those conversations with?

Ms Casey—They would have been with Ms Gosling and Dr Stretton. I think that is it.

Senator LUNDY—Ms Gosling, have you ever had a discussion with the Museum about the Carroll review?

Ms Gosling—Yes, obviously in the course of the last couple of months, in terms of the process for implementation and what the council's response would be.

Senator LUNDY—Given that the Carroll review recommendations relate to content, have you ever had a conversation with the Museum about exhibition content as it relates to the Carroll review?

Ms Gosling—Not in terms of the detail of the specific exhibitions and what might or might not be in a particular gallery, which is obviously the purview of the council and museum management, but in terms of the process and what the process would be for consideration of the Carroll report by the council and how they would report back to government, yes.

Senator LUNDY—Have you asked for more information from the Museum about exhibition content?

Ms Gosling—I do not recall saying that.

Senator LUNDY—I go back to my original question as to whether or not you have had a conversation with the Museum to the effect that if it wanted to get more money from the government it had to provide more information or greater detail about exhibition content.

Ms Gosling—The council has not reported to the minister yet as to what the response is. I honestly do not recall saying that.

Senator LUNDY—Regardless of what the council says, your answer is that you do not recall saying that.

Ms Gosling—I do not recall saying that, but if you have more information about the context in which it is purported that I said that then I am happy to provide further answers.

Senator LUNDY—No, I think I just need to rely on your memory, because I do not have more information about the context other than that I am trying not to specify in order to elicit from you as open a response as possible about whether you have ever said something like that.

Ms Gosling—Conversations about a detail of the document might be quite different to conversations about exhibition content. They are concepts that are quite open to interpretation, so I find it difficult to answer.

Senator LUNDY—Let us use a specific example—the *Garden of Australian Dreams*. That is exhibition content—it is one of the exhibitions there. One of the Carroll review proposals is that that be restructured and remodelled, with a great deal of money attached to that proposal. That would be a scenario where that money might be forthcoming if the Museum were to provide the government with an insight into just how that money would be spent. Could that be a scenario in which that conversation was had with the Museum?

Ms Gosling—Again, I do not recall a conversation about the *Garden of Australian Dreams* in terms of any detail about what the Museum might bring forward.

Senator LUNDY—Have you expressed a preference to the Museum, Dr Stretton or the council as to which recommendations of the Carroll review the Museum should pursue?

Ms Gosling—No.

Senator LUNDY—So the department has not indicated a preference as to the recommendations of the Carroll review implementation program.

Ms Gosling—Not to my recollection.

Senator LUNDY—Can I ask other officers if they are aware that the government has expressed a preference about the Carroll review recommendations?

Senator Kemp—I will speak on behalf of the government. I will not have public servants speaking on behalf of the government in this matter. The process is this: I am waiting for a response from the board of the Museum on the Carroll review and the recommendations. Hopefully this will provide a guide for the future development of the Museum, and it is an entirely proper process in my view. It would be a very odd thing if we did not have a process like that.

Senator LUNDY—Can I ask the department—and I will word my question carefully—if it has expressed a preference on the implementation of the Carroll review recommendations?

Senator Kemp—They have not expressed a view to me, except that I would like it to be done in a timely fashion and that it would be timely. I would like the Museum to turn its mind to what its response is and what flows from that. One would rather do these things sooner than later, but I will wait with interest for a response from the Museum.

Senator LUNDY—I appreciate that, but we have already heard that the department had an opportunity to reflect on the Carroll review through the process facilitated by Dr Stretton which was fed back into the council. I am trying to ascertain the extent to which the department has had the opportunity to pre-empt the council on the appropriate response to the Carroll review. There is evidence that that has occurred, and I am just trying to get further detail.

Ms Williams—I am not involved in this. I have not spoken to the council, but I really believe it is not correct to say that the department is pre-empting the council in any way. Across the board at budget time, the department talks to the different agencies about their new policy proposals. On some occasions it asks for more information; on others it says, ‘Have you thought about putting this forward, that forward and the other forward?’ There is an ongoing discussion, which is not pre-empting anything at all. When it comes to it, it is obviously up to the agency as to what it puts forward and it is up to the government to decide what to take up.

Senator LUNDY—Minister, in the light of my questions and the answers, particularly relating to Dr Stretton’s role on the council, do you think it is appropriate that the department has had a role in preparing the council’s response to the Carroll review?

Senator Kemp—I have no particular information on what it has done but, if people wish to consult with the department, they are entitled to. It is a matter for the council and the chairman if they wish to consult with the department and seek a departmental view. It seems to me to have been an entirely proper process. Frankly, I am surprised that you see something malicious behind this, because I certainly do not.

Senator LUNDY—Is it part of the department’s brief that you have given to them to put political pressure on the Museum through the council?

Senator Kemp—Don’t be ridiculous! The department has to act in an appropriate manner which befits the Public Service. I am not putting political pressure on them. We have a report. We want to get a response from the report. We want to see how we can move forward on that report and, in the end, we want to continue to build the institution. We want to make sure that this is an institution which will continue to grow and attract even wider public interest. It is very appropriate that the Museum develop a vision and a way forward. I think that the Carroll report was a very useful input into that process.

Senator LUNDY—Minister, you are on the record as saying you support the recommendations of the Carroll review. Are you aware that there is an issue of—

Senator Kemp—No, that is not what is on the record. You asked me for my response to the review; I thought it was a very good review. In relation to the recommendations, I am now waiting for formal advice from the Museum, and then the government will determine its position. Do I think it was a good report? Yes, I do think it was a good report.

Senator LUNDY—So you do not support the recommendations as yet?

Senator Kemp—I am waiting for a formal response and advice—

Senator LUNDY—From who? From the department?

CHAIR—The minister has already said that he was waiting for a response.

Senator Kemp—I do not know, Senator Lundy, whether you are just refusing to listen. You attempt to put words into people’s mouths, you ignore the comments that people are making. I am waiting for a response from the Museum on the Carroll report, and then the government, on that basis, will determine its position. But in general I think—

Senator LUNDY—Just ask the department.

Senator Kemp—Dr Carroll and the members of the committee did an important job, a job which I think has been widely applauded—not by everybody, I accept that, but generally widely applauded.

Senator LUNDY—Finally, Minister, are you concerned that there will be a moral rights issue about any proposed changes with respect to the artists responsible for the Garden of Australian Dreams?

Senator Kemp—Let us not pre-empt this; let us not have a hypothetical here. Let us just see what is proposed and then whether the government accept that proposal—and, if there are other issues that have got to be dealt with, we will obviously have to deal with those issues.

Senator LUNDY—That is all I have. Thank you.

CHAIR—Thank you. That is the end of questions for the National Museum. I call the National Gallery of Australia.

[12.07 p.m.]

National Gallery of Australia

CHAIR—I welcome Dr Kennedy and Mr Froud to these hearings.

Dr Kennedy—Good afternoon, Chair.

CHAIR—Senator Lundy, please proceed when you are ready.

Senator LUNDY—Thank you. I am conscious of the time, so I plan to place the vast majority of my questions on notice today. I appreciate everybody's patience but, predictably, the timetable has blown out a little, so I hope you understand. The questions I have relate to staffing, major exhibitions, the annual report, health and safety, remuneration of council members, revenue and council membership. Because I am conscious of time, I would like to just ask a couple of questions about health and safety matters.

I understand that a fitters' workshop became contaminated by asbestos after a fire door was cut by a contractor on 1 October. My main question is: what on earth is asbestos doing in the National Gallery, given that the Gallery was constructed in the period when it was well known that asbestos was a carcinogen? Whilst I appreciate that this was well before your tenure as director, Dr Kennedy, I was hoping you had had the opportunity to investigate this. As you are probably aware, I was involved in removing asbestos just up the road at the National Library around this period. I am very curious about how the building has any asbestos in it whatsoever.

Dr Kennedy—The incident you refer to occurred on 13 July 2000 while installing ducting in the metal workshop, which is actually a room within the larger workshop which also houses our carpenters and a painter. Contractors cut into a fire panel, and there was concern that that panel may have contained asbestos, so the painter reported the incident. That incident was investigated at the time.

Senator LUNDY—This is in 2000?

Dr Kennedy—Yes. Queries which were raised again in July 2003 by a person providing information to Comcare caused it to be investigated again.

Senator LUNDY—What was the issue relating to October 2003?

Dr Kennedy—I am not sure about October 2003. I suppose you are talking about the investigation. I will ask Mr Froud to elaborate.

Senator LUNDY—Yes, please.

Dr Kennedy—The incident we are referring to occurred in 2000. An investigation took place and it was reopened this year.

Senator LUNDY—In July 2003?

Dr Kennedy—Yes.

Senator LUNDY—I will place my questions in relation to that on notice. Is there any meaning to your use of a photo of parachute troops in training on the cover of the annual report?

Dr Kennedy—There is indeed.

Senator LUNDY—Now is your opportunity to tell the story.

Dr Kennedy—It is a wonderful photograph which is a tribute to one of Australia's greatest photographers, David Moore, who passed away during the year. I am glad you realised they are parachutists. There have been other suggestions as to what they are actually doing. It is a wonderful photograph, and it is a tribute by the National Gallery to a great photographer, whom we honoured with a major exhibition which actually opened the day after he died. He made major gifts to the Gallery of his photographs, and we have subsequently enhanced our collection of his work. I hope you found it dramatic.

Senator LUNDY—It was indeed. Thank you.

CHAIR—Dr Kennedy and Mr Froud, that is all. Thank you for appearing this morning.

[12.13 p.m.]

Australian Film Commission ScreenSound

Senator LUNDY—I think the best way to proceed is to put my questions for ScreenSound on notice. I have some questions for the Australian Film Commission. I know you are part of the same thing now. I go to the issue of the free trade agreement, its impact on the Australian film industry and particularly the point that was made previously about Australian content. Specifically, I go to the issue of the relative openness of Australia's market and the role that local content rules have in the success of Australia's film industry, and indeed the level of public investment in Australia's film industry, in producing Australian cultural content.

In relation to the development of new media, I am interested in the Film Commission's definition and understanding of what new media is—obviously in the context of the debate around the free trade agreement but also more generally. I will perhaps come to specific questions about the implications, but what are we talking about when we talk about new media in 2003?

Mr Dalton—When we talk about new media we are referring to those new systems of production, distribution and delivery which are on us now or are in the process of being developed or conceptualised—those that exist in the digital domain which, for the most part,

have interactive potential and at times may well look like traditional television services but have greater potential, for instance, in terms of interactivity or multichannelling and which may also exist in a broadband Internet environment, which would also allow for the possibility, increasingly these days, for the delivery of quite high-resolution moving images and also interactive potential.

Senator LUNDY—Does it involve, for example, music in a digital format, like MP3, which is distributed over the Internet or some other way? Does that fall into new media?

Mr Dalton—I suppose in the broadest of definitions, because you are talking about delivery via Internet broadband based services and that could involve the delivery of sound or music product. But, for the most part, I guess it is a term which is used by people within the area that is also working with moving images rather than just sound.

Senator LUNDY—Are you aware of whether the US trade negotiators have a definition of new media that is available or understood?

Mr Dalton—I am not aware of a particular definition that they have, beyond the very broad, general outline that I gave to you before.

Senator LUNDY—On this issue of new media, the Motion Picture Association of America have declared that broadband is about to become the wondrous new delivery system for the distribution of movies over the Internet. To quote the association:

The Internet, without doubt, is the greatest delivery system yet known to this planet.

Notwithstanding the fact that they have not found a way to do that effectively and still derive revenues to sustain their businesses on it, I am working on the basis that there is a possibility that that will happen. In that scenario, what are the implications for the Australian film industry if new media is included in the free trade agreement and Australia is prevented from regulating Australian content or indeed making public investment in that particular industry sector?

Mr Dalton—The first thing to say is that, by definition, it has to be included in the agreement. I do not think anyone has ever suggested that new media or, indeed, conventional forms of delivery will not be included; it is the way they are addressed and the flexibility or the capacity that the Australian government has, now and into the future, to make interventions with regard to that area of new media. But the position we have always taken and the advice we have always given to government is that there is no doubt that these new systems for the delivery and dissemination of film and other entertainment services will be increasingly important and will be increasingly used by Australians to partake of their entertainment and other cultural products. Therefore, it is very important that the Australian government retains the capacity to ensure that minimum levels of Australian content are continued to be made available to Australian audiences.

Senator LUNDY—To what degree have strategies been put in place to ensure that in the future Australian film and television content will be available via new technologies?

Mr Dalton—Do you mean within the context of this whole issue of the free trade agreement at the moment, or just in general?

Senator LUNDY—Just generally.

Mr Dalton—An enormous amount of policy work is going on at the moment to look at and try to understand what sorts of systems may be evolving and what the business models and economics of those systems might be—the technological underpinning and the way audiences will deal with them. As far as the AFC is concerned specifically, we have received some funding from government to look at the new types of content that may emerge with some of these forms. We are funding the development and the making of new program material in that Internet space.

Senator LUNDY—Is there a potential risk that the conditions of the free trade agreement will prevent that investment from occurring? Does that risk exist?

Mr Dalton—I do not know that there is a connection particularly. We have been funded to develop material and creative practice in these areas. Those programs, when finished, will be made available—we are doing this jointly with the ABC—through the ABC's new media service on their web site.

Senator LUNDY—Will you say that last bit again, please?

Mr Dalton—I am sorry. It is an initiative that we are doing jointly with the ABC, and those projects will be available through the ABC's new media web site. It is happening quite outside of and parallel to anything connected with the free trade agreement.

Senator LUNDY—I guess that is the concern, though. It has certainly been expressed to me that, whilst there is a great deal of important public investment in these areas, potentially it will be undermined if, as a result of the FTA with the US, the Australian government's ability to regulate for Australian content is removed in the future. How important is the film industry to Australia's economy?

Mr Dalton—We would of course say that it is central, crucial and critical—

Senator Kemp—Not only to the economy but also to—

Mr Dalton—not only to the economy but also to Australian culture and all our lives.

Senator LUNDY—You are so helpful, Minister.

Mr Dalton—We are given at times to making rather grand claims on behalf of our industry. The audio visual industry itself—and that is inclusive of television commercials, film, television, corporate work and government funded work—is worth around \$1½ billion a year to the Australian economy. There would certainly be no claim on our part that, in pure economic terms, it represents a major industry. What we would say is that it makes a very significant contribution, as the minister said, at a cultural level, and it is that contribution which actually underpins government policy with regard to a whole framework of mechanisms to ensure that the industry continues to deliver material for Australians to partake of. Flowing on from that, it has all sorts of economic benefits in terms of our foreign production industry and the way in which the creative industries more broadly feed into the general economy and other areas of industry, development, innovation et cetera.

Senator LUNDY—We discussed the issue of standstill as a prospective outcome that would prevent any increase in the local content. What are the implications of standstill on the film industry if that were an outcome of the FTA negotiations?

Mr Dalton—There have been all sorts of statements coming out of the American side and from the American industry, but I am not aware of any suggestion from the Australian side that there is any move towards committing to a standstill arrangement. We have always said that our industry is, by its very nature—both technologically and commercially and in relation to audience tastes, habits and ways of consumption—very fluid, and the Australian government needs to have flexibility in order to make appropriate interventions at appropriate times. So, in our opinion, standstill, as it is understood—meaning that you just lock off on what arrangements you have at the moment and go forward into the future with those arrangements in place but with no capacity to change them—would be quite inappropriate and unsatisfactory.

Senator LUNDY—I have many questions that go into some detail about local content regulations, including comparisons with other places. But, for the record, before I move on, can you confirm that the Australian market does not prevent the import of other content, that in fact we are one of the most open markets in the world, and therefore any claim by the US in the midst of the negotiations to cap standstill is not about their concern about not being able to penetrate the Australian market but about the degree to which they penetrate the Australian market?

Mr Dalton—On the basis of information that we have in international comparisons, Australia has the most open audiovisual market in the developed world. The measures that our government and governments over the years have put in place are not about restricting access to our market but in fact are about simply ensuring that there are minimum levels of Australian content in our various services available for Australian audiences, and they do not actually restrict the American access into our market at all.

Senator LUNDY—Can you tell me what the American access to our market is with respect to movies?

Mr Dalton—With respect to the theatrical market, in an average year American cinema claims around 80 per cent to 85 per cent of our theatrical marketplace. In overall terms of imports for our television area, the latest figure we had was that, of foreign imports, the US represented almost 70 per cent of our audiovisual imports.

Senator LUNDY—Just diverging for a moment, what about foreign programs as a proportion of all new TV programs?

Mr Dalton—In the latest figures that were released on that, 76 per cent of new programs that went to air over the measured period were foreign. That put Australia at the top of the league.

Senator LUNDY—Who was next on that ladder, and at what percentage?

Mr Dalton—I cannot remember. I can certainly provide you with the list if you would like to have it.

Senator LUNDY—If you could take that on notice.

Mr Dalton—I know that at the bottom of the list was America with four per cent.

Senator LUNDY—As a proportion of foreign programs?

Mr Dalton—Yes.

Senator LUNDY—I guess the point here is that when the government contemplate their position on the free trade agreement—we have heard many times from the minister this morning that that position has not been finally resolved—the fact that Australian content regulations are on the table represents a position from the US that is not related to barriers Australia has to American content because there are none. Is that correct?

Mr Dalton—There are some. It is just that what we argue is that they are not barriers as such; they are mechanisms to ensure that we achieve minimum levels of content being made available to Australian audiences. They are driven by a concern about delivering material out there to Australian audiences rather than stopping foreign material coming in.

Senator LUNDY—So the issue really becomes one of the American market being able to access a greater percentage of the Australian market. Is it reasonable to presume their motivation that way?

Mr Dalton—I hesitate to expound too much on the American motivations but, from my discussions with them and my understanding of American trade policy in the area of audiovisual products, their concern is not so much in general about achieving greater levels of access to the Australian market, because they fully accept that their penetration of this market is at a very high level. More generally they see trade in audiovisual goods as another area of commerce and that it should be treated similarly to any other area of commerce and therefore they feel that there should be minimum regulations or interventions by government to in any way restrict open and free trade in all countries. Their real concern going into the future, I think, is the sort of developments that will occur in the area of new media and all sorts of new markets which are going to open up and particularly how that will play out in Europe and in countries such as China and Korea.

Senator LUNDY—With the US already so dominant in many of those new media areas, like the Internet, the argument that new media needs to be a part of this free trade agreement and that there should be no restrictions or local content rules on new media would reinforce the extraordinarily strong position that the US already has in those new media markets in Australia. Is that a fair observation in your experience?

Mr Dalton—Again the position of the Australian Film Commission has always been that going into the future, as these new services develop and become increasingly important to Australians in receiving entertainment, information and other cultural services, it may be necessary—we are not saying that it definitely will be—for governments to intervene to ensure that minimum levels of Australian content are available in those services. The American attitude, as they have stated it, is that they should be completely free and unhindered of any regulatory engagement by governments.

Senator LUNDY—If the free trade agreement negotiations between the government and the US are successful and there is a resolve to enter into a free trade agreement and new media is part of that agreement, so preventing any Australian content regulation, do you have a view or an opinion about where that leaves the future of the Australian film industry? Do you think it puts it at risk?

Senator Kemp—I think Mr Dalton has put his views. We have been around this course before.

Senator LUNDY—It is my last question. Do not jump too early, Minister.

Senator Kemp—It is your last question—you are on a promise. Make this short, Mr Dalton, won't you?

Mr Dalton—I would just repeat what I said earlier: I think that increasingly these areas are going to be important and our advice to government has always been that Australian governments will require some capacity to deliver Australian programs.

Senator LUNDY—Thank you. Chair, I am going to suggest that, given the time, we move straight to the department and that I place my questions for the National Library and the Film Finance Corporation on notice.

CHAIR—And the questions for the Australian Film, Television and Radio School?

Senator LUNDY—Yes.

CHAIR—The questions for the Australian Film Commission are now concluded. Representatives from the Film Finance Corporation Australia, the National Library and the Australian Film, Television and Radio School are all excused because your questions will be placed on notice.

Senator Kemp—Before you call the department, Chair, can I just make the comment that we are always happy to help Senate estimates committees and we have flown down—and I am not suggesting that we reverse the decision; I do not want to revisit that decision—

Senator LUNDY—I very conscious of that, Minister, but it is just a decision that I have to make in relation to the time frame available to me—

Senator Kemp—I think we have somehow got to work out a system where we do not get large numbers of senior people from around Australia to fly to estimates and then find that they are dismissed. Having said that, I am sure that they are not complaining.

CHAIR—No, but it is a valid point. We did bring in departmental officers from other places and it is probably a bit of unnecessary expenditure if they are not going to be questioned.

Senator LUNDY—Make the point if you like, but you know as well as I do that we endeavour to get through the program in a way that we can. The other commitment I make to the committee is that we try to stick to the program. The alternative is that we blow out the program. I know how upset the minister would be—

Senator Kemp—Very.

Senator LUNDY—if he were required to be here longer than his scheduled time.

Senator Kemp—Very observant.

Senator LUNDY—I certainly do apologise to those agencies and public servants that have travelled. I do not mean to inconvenience them. I would certainly prefer to ask them questions directly. But in my effort to adhere to the program that I have established in conjunction with the committee, I think it is the sensible way to go.

Senator Kemp—You have made the point.

Senator LUNDY—Make the point all you like, but you would be the first to complain if the program started to blow out.

CHAIR—That is true, but we do have time limits, so I suppose one has to prioritise.

Senator Kemp—Given the time limits, I think it was a very ambitious program.

CHAIR—Yes.

Senator Kemp—I think that is sustained. I think we are all aware of the problem. Senator Lundy, we are just waiting for your questions.

[12.41 p.m.]

Department of Communications, Information Technology and the Arts

CHAIR—We now go to output 1.1.

Senator LUNDY—I go straight to the issue of the Playing Australia grants funding. This latest round represented a change in the way the decisions were made—certainly a change from what was expected by many of the participants in Playing Australia. I would like to ask, first and foremost, what role the department plays with respect to the decision making of the Playing Australia board.

Senator Kemp—First of all, can I make the point that, as far as I am aware, the decision-making process was entirely the same as on previous occasions. The department, I regret to inform you, Senator Lundy, were there at the meeting, as they are at quite a number of these meetings, but the process was very similar to the process on previous occasions, so we will just have to wait. You and I are aware that there are a number of issues—and we have discussed this publicly and privately—that have emerged. The issue is not the process, except to the extent that the process can pick up some of these issues which have now appeared. I will leave it to you.

Ms Williams—I think the issues were, firstly, the very high level of ask for the grants and, secondly, the higher level that was asked for in each grant. So the numbers of grants, therefore, that were able to be funded did go down.

Senator LUNDY—If the minister is going to keep answering questions on behalf of the department about process, I think the best thing for me to do is to place on notice questions about process relating to the department, and I will do that. Minister, there is a problem now. Obviously, a number of the companies are concerned about the outcomes of this round. I am certainly aware that at least two companies—Bell Shakespeare and La Boite Theatre—have expressed their concern. What has your response been to those issues, and what are you, as minister, able to do to try to find a way out of these difficulties?

Senator Kemp—Going back to your earlier question, the process was not changed, but there were expectations in place. That is correct. As the secretary said, some people were requesting more money than they had had before, so there were substantial demands on the Playing Australia budget. There are some issues which have emerged, and I am looking at what can be done. In a limited sense, you can do some things, I hope. We have had some discussions, particularly with Bell Shakespeare. We have had discussions with APACA to look at some of their issues. The truth is that some people will always be upset after a round and other people would probably be surprised, and some pleasantly surprised. It is true that

the people who tend after the round to come to our attention are those who are upset, whereas there would be many people out there who would be particularly pleased. There would be new companies, I suspect, visiting different areas where people would be delighted.

But I recognise there is a difficulty with Bell Shakespeare. We are looking closely to see what we can do. We value Bell Shakespeare, like we value these other companies. Many of these companies make a very important contribution to Australia and we are delighted when we can help provide support for them to visit regional, rural and remote Australia. We are looking at it. I would hope that in the next week or so some of these matters could be resolved. I do not want to raise expectations that everyone who has a problem will have their concerns met. But from what you have said and from what others have said probably Bell Shakespeare does have a particular problem and we will look closely at that.

Senator LUNDY—Just going to the issue of the distribution of performances funded under Playing Australia, there certainly seems to be a change in the weighting—a change in the number of performances that will occur in regional Australia versus capital cities. Can you provide the committee with an insight as to why that has occurred? Does that in fact represent a change in emphasis of Playing Australia or is it the product of some other process that has led to that outcome? Here is your opportunity to explain why that change has occurred.

Senator Kemp—There is no instruction that has come down from on high. I will ask Ms Bean to perhaps outline what the outcomes were. The applications are assessed. People from all over Australia are on the Playing Australia committee and they come to particular conclusions and the recommendations come up to me. The recommendations that I received were the ones that I ticked off on. Ms Bean, have you any observations you would like to make?

Ms Bean—There was no particular decision to reorient the program or anything like that. In each round the committee looks at a number of issues, like geographic distribution, distribution between metro and regional and distribution across the country.

Senator LUNDY—They do assess those things?

Ms Bean—Yes. And they look at the genres of the applications. What tends to happen very often is that in this round—the September/October round—you get the major companies applying for their seasons for the following year. In the other round, which is about April, you tend to get the smaller companies and the smaller tours going into regional areas. It varies considerably between the rounds in that way.

Senator LUNDY—Can you tell me the comparative rounds for the previous financial year for both September and April with regard to numbers of regional performances funded?

Ms Bean—I probably can.

Senator Kemp—If we cannot we will take it on notice.

Ms Bean—I can take that on notice because it is quite detailed. But I only have this round and the last round.

Senator Kemp—You can be assured that this government actually does not seek to discriminate against regional and rural Australia. We seek to ensure that they are advantaged.

Senator LUNDY—Indeed, which is why I want you to explain why there were 13 regional performances funded in this round as opposed to 26 in the same round last year. I have just given Ms Bean the opportunity to give me the figures of the previous year to demonstrate this statistical trend that the October round funds fewer regional performances than the April round.

Senator Kemp—Ms Bean gave you a bit of an insight on some of the larger claims that were made on this particular round.

Ms Bean—In terms of the detail it is probably better for us to take that on notice. We can give you a fairly complete breakdown of where each tour was going.

Senator LUNDY—If you are going to do that you may as well do it for the last five years, so I can have a look at the real trends.

Ms Bean—I am sure we can do that.

Senator Kemp—We will see what we can do.

Senator LUNDY—Thank you. My understanding of the process leading up to the Playing Australia committee's assessment of what should be funded is that it is an incredibly complex series of negotiations involving venues and the funded organisations have to come up with a formula that balances out their competing interests, and then effectively the Playing Australia committee have a look at the outcome of that process. Can you give me a bit more of an insight into how that all works?

Ms Bean—I am not sure that there are complex negotiations, but I can certainly explain what happens. Obviously there is an advertisement, and the people in the department that look after it will provide advice to applicants if that is sought. After the closing date the department prepare a factual summary, not an examination of the merits. They do seek input from venues.

Senator LUNDY—From who?

Ms Bean—The venues.

Senator LUNDY—Who does?

Ms Bean—The department does, in the context of processing applications. And they do seek comments from state arts agencies.

Senator LUNDY—Do you mean departments?

Ms Bean—Yes, state departments.

Senator LUNDY—And that gets added to your factual appraisal?

Ms Bean—Yes, and that material is then put to the committee.

Senator LUNDY—What sort of input do you get from venues? Is it, for example, 'Could you afford to host this if it were to come to you?'

Ms Bean—No, it is more about prioritisation. If there are six applications to go into a particular venue, then they are invited to give input.

Senator LUNDY—So it is: 'If six shows want to come to you, which ones do you want?'

Ms Bean—Basically, we are asking: ‘What is your priority list? If we cannot fund all six, which ones do you consider to be most important?’

Senator LUNDY—On that basis, can you tell me that you had that conversation with every single venue that was part of an application?

Ms Bean—Where there was more than one seeking funding.

Senator LUNDY—Sorry?

Ms Bean—Where there was more than one tour proposed for a venue.

Senator LUNDY—But not all venues that sought a single tour or show got that show either.

Ms Bean—That is true, but what we are asking about is prioritisation amongst shows going into a venue. That is the point of it.

Senator LUNDY—So do you have any communication with the venues that do not have shows competing to go there but have the chance of one and do not even get that, which is in fact what happened in this round on a number of occasions?

Ms Bean—Not to my knowledge, no.

Senator LUNDY—You do not?

Ms Bean—No; although each application must have confirmed venues, so that information—that there is a level of confirmation—does come in with the application.

Senator LUNDY—So the Performing Arts Centres Association would have had contact with those venues?

Ms Bean—Yes, and they would have had a booking, either a confirmed booking or a pencilled-in booking, at some level with the venues.

Senator LUNDY—And then your job is to recommend to the committee what the priorities are within that, after that consultation period?

Ms Bean—No, the department does not make recommendations to the committee.

Senator LUNDY—So what input from the venues do you include in your factual summary of applications?

Ms Bean—First of all, I should say that fewer than half the venues actually respond—

Senator LUNDY—To your inquiries?

Ms Bean—Yes, and any material that is provided by venues is put to the committee.

Senator LUNDY—But you do not contact all the venues?

Ms Bean—No. We contact the ones where there is more than one show.

Senator LUNDY—In your advice to the committee, do venues that do not respond to the department just have a blank space in that box in the information that you provide?

Ms Bean—Sorry, I will have to get some advice on that.

Senator LUNDY—Because that would not reflect on them too well, I would suspect.

Ms Bean—I am advised that the information is put into a statistical table of priorities and that specific venue information is available for the committee to request if it wants it, but it is not provided automatically to committee members.

Senator LUNDY—So how would they know what the priorities are for the venues?

Ms Bean—There is a statistical table provided.

Senator LUNDY—But how would the board know what the priorities are if you do not provide that information, even though the information is arguably incomplete?

Ms Bean—A statistical table is provided to the committee, so they have a table of priorities.

Senator LUNDY—That is provided?

Ms Bean—Yes, but the individual letters or responses that might come back are not.

Senator LUNDY—And you do some value adding and interpretation of that response.

Ms Bean—We do value adding but not interpretation.

Senator LUNDY—You make it readable.

Ms Bean—Yes.

Senator LUNDY—But you said before that not all of the venues respond.

Ms Bean—That is correct.

Senator LUNDY—Do the venues know that you have this specific role in providing advice to the committee about their priorities?

Ms Bean—Yes, they do. Obviously I cannot speak for every venue in the country, but certainly the major venues would be well aware of our procedures. APACA, the umbrella organisation, is certainly very well aware of them. I cannot speak for the quality of the distribution of information amongst their members.

Senator LUNDY—Do you rely on APACA to distribute that information?

Ms Bean—We have a close working relationship with APACA, and we do send information through APACA to venues.

Senator LUNDY—How do you reconcile that statistical analysis of priorities with the fact that you do not seek feedback from venues that, for one reason or another, might only have one show going to them? Does that not mean they will show up on that list as not being a priority at all because they will not even be listed?

Ms Bean—No. It is priority within a venue—so they would rather have Bell than Sydney dance—

Senator LUNDY—Can you provide the committee with that document you created for the last round?

Ms Bean—Yes.

Senator LUNDY—Were the performing arts organisations that received triennial funding compared competitively with other organisations in the last round?

Ms Bean—Yes.

Senator LUNDY—How does that process work, and how do you reconcile that with your statement that bigger companies tend to benefit more from this round and smaller companies will tend to benefit more from the next round?

Ms Bean—The bigger companies tend to apply in this round because it is just the way they organise themselves. They have much more structure in a sense.

Senator LUNDY—They have more resources?

Ms Bean—Yes, and they plan their work further out. I have forgotten the first part of your question.

Senator LUNDY—You have stated that triennially funded organisations tend to be the larger ones and have fared favourably in this round when they are competitively compared. Why isn't there a better balance between small and large?

Ms Bean—First of all the triennials are in-principle agreements, and that is to enable better planning so they have a broad idea of the amount of money that they are likely to get each year. But because they are on triennial agreements, they get a certain amount each year, roughly, and that tends to come out of this round.

Senator LUNDY—Is it correct to say that the companies which currently receive triennial funding took up \$1.229 million, or 59 per cent of available funds, and those with in-principle triennial funding agreements received \$768,000, taking it up to 62.5 per cent of this, leaving about \$858,000 for everybody else?

Ms Bean—I would have to check the numbers.

Senator LUNDY—Please take that on notice.

Ms Bean—I will.

Senator LUNDY—I have one final question, and I will place the rest on notice. Specifically, Playing Australia was designed to focus on regional Australia. Will the minister ensure that that focus is retained in future rounds?

Senator Kemp—I think it was explained that Playing Australia has a number of foci. It is also to help some of the touring companies get to some of the smaller capitals. But you should never doubt that this government, and particularly this minister, are very focused on rural, regional and remote government.

Senator LUNDY—We just want to see your actions reflect your words, Minister.

Senator Kemp—I will not open up. I think we have done a lot of very exciting and important things in rural and regional Australia, and this will continue to be a focus of this government.

Proceedings suspended from 1.01 p.m. to 2.04 p.m.

CHAIR—The committee will resume. We are on outcome 2, Development of a stronger and internationally competitive Australian sports sector and greater encouragement of greater participation in sport by all Australians. Senator Lundy proposes to do this as an open forum—is that right?

Senator LUNDY—Yes.

Senator Kemp—Chair, I just want to seek the approval of the committee. I think there may well be issues which deal with both the department and the ASC and ASDA. With your approval, I think it makes sense to have them at the table.

CHAIR—There are seats on either side which could be used.

Senator Kemp—I would also like to make an opening statement.

CHAIR—Please, by all means.

Senator Kemp—It is a matter which is of some concern to me and I would like to get the record straight. It touches on some of the issues that were raised this morning, but that was not the intention. On 27 August this year Senator Lundy wrote an article for the *Canberra Times* which reflected, I believe, on the Australian Sports Commission and the National Capital Authority. I wish to draw this matter to the attention of the committee and I believe this is an appropriate occasion for Senator Lundy to correct the record, particularly with the officers of these bodies at the table.

As members of the committee will be aware, there has been some debate in Canberra over the siting of a major four-lane highway. The ACT government wanted to run the highway through what I have described as the ‘front yard’ of the AIS, which I have further described as one of the jewels in Australia’s—and, indeed, Canberra’s—sporting crown. Not surprisingly, the Australian Sports Commission was very concerned about this development, as they should have been, and as was the National Capital Authority. Certain accusations and politicisations were made by Senator Lundy about these commissions and I now wish to respond.

Although we are not here to discuss the National Capital Authority, I do wish to have recorded in *Hansard* an emphatic denial by the Chairman of the NCA, Mr David Evans, in the *Canberra Times*. In his response Mr Evans described Senator Lundy’s allegation as ‘a serious accusation which is entirely without foundation’. In regard to the Australian Sports Commission, Senator Lundy wrote, as some sort of proof of politicisation:

The ASC based its opposition on fears of the effect on athletes of the AIS including disruption, noise and pollutants, largely during construction. Even when the ACT government had addressed all of these concerns, it unjustifiably maintained its opposition.

As Senator Lundy is well aware, the ASC maintains its opposition to a major road running through the front yard of the AIS because the report on the road commissioned by the ASC and ACT government said:

If this road is to be constructed, it does have the potential to affect the AIS residences and their occupants by noise pollution and reduced air quality.

That, Senator Lundy—through you, Chair—is what the ASC based its opinions on and I think that is well known. It is an opinion that the ASC has held for some 13 years. In a letter dated 11 October to the parliamentary committee of the Australian Capital Territory, the then Executive Director of the ASC, Mr Jim Ferguson, wrote that the ASC would strongly oppose a road that would ‘pass immediately to the west of the AIS complex’. That was in 1990—during the term of the Labor government.

Senator Lundy, the ASC has held its position for 13 years. It did concern me that these accusations were raised about the politicisation of the ASC. My view is that sport is best conducted on a bipartisan basis. My view is that the politics in sport, to the extent that there are politics, mean that people should work together to make sure that we are successful both at the elite level and in continuing to expand our community based sport. They are the instructions that I give the ASC, and it disturbs me greatly when it is accused of being political. The fact is that a road was proposed to run very close to the residences. It was a road that, I think, would have greatly damaged the ASC, which in my view would have been very remiss if it had not taken action to inform me and the public, as requested, and the media in response to queries as to what its position was. I put that on the record. I have been very concerned about Senator Lundy's comments and I would hope that Senator Lundy now has the grace to correct the record so that we can move on.

Senator LUNDY—I am not feeling particularly compelled to respond. These matters are still the subject of an ongoing inquiry by the Joint Standing Committee on the National Capital and External Territories. Many witnesses have presented evidence and a series of competing views—many of which concur with some of the observations that I have made previously—relating to the Gungahlin Drive extension.

Senator Kemp—Sure.

Senator LUNDY—So I am not prepared at this point in time to stand back from those observations. I will reserve my right to comment on the deliberations and conclusions of that committee, which may—because we have heard evidence on it—reflect on the processes surrounding the Gungahlin Drive extension. Senator Kemp, I absolutely concur with your approach. The particular incident relating to the Gungahlin Drive extension has been a blot on an otherwise mostly fruitful and bipartisan approach to federal sport policy related matters.

We will always debate funding, we will always debate priorities and we will always debate process. The issue of processes relating to the Gungahlin Drive extension is a very notorious extrapolation of our ongoing concerns about the way the government manages its business. I do not stand back from my responsibilities to hold the government to account. I hope the Sports Commission understands that these issues are obviously political issues. My reflections are reflections more on the government than on the Australian Sports Commission. We will wait and see what evidence emerges as part of that other inquiry.

I am very conscious of the time. It is now nearly a quarter past. Minister, you have had your opportunity to make a statement. I would like to proceed with questions.

Senator Kemp—You raised a couple of matters, Senator, on which I will be very brief. It is not a matter of someone having a different opinion. Of course there will be different opinions. It is not a matter of the ACT government having a different opinion or of people's evidence giving a different opinion. The issue is whether the ASC acted in a political manner in order to deal with the problem of the original proposal put forward by the ACT government. That is the issue. They did not. They acted in a way to defend their own interests—interests that they saw as far back as 1990. The ASC has been entirely consistent on this issue. They have been very worried about a road that was ultimately proposed by the ACT government. It is a matter of argument that people can differ on that.

Senator LUNDY—Sure.

Senator Kemp—And I do not object to people differing. This is a debate. But to say that they are acting in a political manner and that they have been politicised by that is quite a different matter. They were acting in their institutional interests. I believe they were acting in the interests of Australian sport. I believe it would have been a disaster to put that road through there. That the ASC should not have put forward a view would have been political in my view. That is the point I am making. It is not a matter of this process you are talking about. It is a matter of accusing people of acting in a political manner because the federal government had a particular view. I agreed with the ASC position. I did not know whether all my colleagues did, but I agreed with their position.

I am sorry that you have not been gracious enough to accept that there was an error made on your part there. I am sorry that you have not taken the opportunity to correct the record. What you did was again just plain wrong. It was wrong on the facts and it was wrong in terms of the history. I am happy to move on, Mr Chairman, but I would have hoped that Senator Lundy could have been a bit more gracious in relation to this matter.

Senator LUNDY—Thanks for that little exercise, Minister. I do not think it is a question of graciousness; I think it is a question of public accountability.

Senator Kemp—Sure, and your own accountability, actually.

Senator LUNDY—My role is to keep you accountable, Minister.

Senator Kemp—If you can produce one NSA that supported your position in relation to Gungahlin Drive, I would be astonished. You put yourself in a position totally out of kilter with the sports community and contrary, I believe, to the interests of the AIS, which you have attempted to defend over the years. I am just sorry, frankly, Senator, that you have not been a big enough person to accept that an error was made. You put out a press release—perhaps not drafted you—that basically accused people in a way which was, in my view, grossly unfair. But, anyway, it happens—we are in politics. The people will now judge from the record.

Senator LUNDY—We will see if your concern for my welfare prevails.

Senator Kemp—No, I am actually concerned for the welfare of sport. I am less concerned about your welfare. I think it is a good thing if the shadow minister for sport actually shows a bit of graciousness.

Senator LUNDY—I think this little exercise on your behalf is a completely validation of my point.

Senator Kemp—Oh, is it—really?

Senator LUNDY—So thank you for that. Thanks for your offer to have everyone sitting at the table. I have a range of issues but did want to go from the commission to the department to ASDA as I move through my briefs. So I might be switching from one to another, but that has allowed me to prioritise my issues, and I appreciate it. It is my intention to finish by 4.10 p.m., given that we have just lost about 17 minutes. Whatever I do not get to, it is my intention to place on notice, and I will do so at 4.15 p.m. or thereabouts.

Senator Kemp—I might say just for the record—and I accept that you will be putting things on notice—that, when I in opposition tried to put things on notice, your ministers used

to insist that they inspected every question that I put on notice and would generally be very unhappy if there were more than what they would say was a reasonable number of questions. Because I am not one to be scared of accountability, I am happy to accept them. I just wanted to point out to you that we are extending to you a courtesy which you in government never extended to us.

Senator LUNDY—Do you want to waste any more time?

Senator Kemp—I am not wasting time; I am just making a very valid point.

Senator LUNDY—In response to a question on notice the Sports Commission indicated that all outstanding Athletics Australia contract payments had been made and that all other overdue payments that had been held over to due to cash flow difficulties would be made by the due date, which was provided, of 31 August 2003. Can you tell me whether all of those payments were made by that date?

Mr Peters—There was an audit undertaken of the actual payments that were due that uncovered some additional debts that Athletics Australia had. As of yesterday, the majority of those accounts had been paid, particularly the major ones to state institutes of sport and academies of sport. The revised date was 31 October. I am informed that those payments have been made and the commission will release the second quarter payments to Athletics Australia.

Senator LUNDY—I just want you to step me through that process. Can you confirm that, as of the day before yesterday, there were many athletes from Athletics Australia who were still waiting for their contracts from last season to be paid? Was that the case?

Mr Peters—I am not aware of any, but I do not have an update on whether or not that is the case. Athletics Australia have their annual general meeting on 26 November, where all their financial accounts will be put before the members and the proposed budget moving forward.

Senator LUNDY—Can you detail what payments were made by Athletics Australia yesterday to settle all their accounts?

Mr Peters—I do not have a list of every payment made. What I do have is information that payments have now been made to the major creditors of the sport—particularly the sport institutes and academies that support a lot of the athletes and coaches

Senator LUNDY—Could some of that money be related to payments owed to athletes?

Mr Peters—It may well be; I would need to check that.

Senator LUNDY—Are you in a position to tell me whether any athletes are still waiting for their contracts for last season to be paid?

Mr Peters—No.

Senator LUNDY—Can you take that on notice?

Mr Peters—Yes.

Senator LUNDY—When you answer that question, could you factor into those outcomes the payments that were made yesterday?

Mr Peters—Yes. Just a point of clarification: I checked yesterday that the payments had been made to the major creditors. They were paid by 31 October, which was the date. I reinforced that yesterday in a question to Athletics Australia.

Senator LUNDY—Right. You said 31 October. The date we were given was 31 August. When was that date changed?

Mr Peters—I have not got that answer. As you would appreciate, the issue with Athletics Australia's finances is that they needed to have major audits done to verify outstanding debts. They were anticipating initially that it may have been around \$900,000. As happens when auditors go in and they go back to states and ask about their outstanding debts, often other things are identified. That has happened. Our information at the moment is that their losses are now \$1.3 million, and they are going back to their members at the AGM at the end of this month to put their revised program of payment in place. Yesterday we were informed that the major creditors have now received their outstanding payments.

Senator LUNDY—In the eyes of the Sports Commission, does that mean that Athletics Australia have the capacity to meet their current contractual requirements?

Mr Peters—Our understanding from the information we have is that they do have a plan in place now to work themselves out of the financial situation they are in, and that will be put to members at their annual general meeting. The figures we have seen from their audit—and we actually paid for additional audit work to be done—put us in a position where we believe we can release their second quarter's payment on the basis that they can move the sport out of a fairly difficult situation.

Senator LUNDY—What processes does the Sports Commission have in place to ensure that funding reaches those athletes—for example, those in preparation for the Athens Olympics—if the NSOAthletics Australia continues to experience cash flow problems or financial difficulties? Do you have a backup plan?

Mr Peters—We have two processes at the moment. One is that with every national sporting organisation we have a funding service level agreement; so every dollar we put in, in terms of a grant to a national sporting organisation, has to be accounted for and is accounted for against a particular program. We run checks on that and we make quarterly payments. We do not give all the money up front. The second is that the government provided around \$900,000 out of \$1 million for a direct athlete support program. Those individual athletes receive the money and we ensure that they get those funds.

Senator LUNDY—Can you clarify, one way or the other, whether any funding for the 2003-04 year—this current financial year—was used to make payments for the previous financial year or to settle debts for the previous financial year?

Mr Peters—The funds we provide are for programs moving forward, not to pay outstanding debts. That is one requirement we have in our funding service level agreement.

Senator LUNDY—So you can rule that out?

Mr Peters—Yes.

Senator LUNDY—Can you tell me whether or not it is correct that Athletics Australia laid off five staff last Thursday in their latest bid to deal with financial problems?

Mr Peters—The newspaper report said that. Athletics Australia have actually put off more staff than that over the last 12 months. As a responsible organisation, they need to be able to trade themselves out of a very difficult situation. We are monitoring the situation to ensure that the programs for which we provide funds can be carried out by that organisation.

Senator LUNDY—So how many staff have been laid off in the last year?

Mr Peters—I do not have the exact figure. My understanding is that it is around 10. That figure is not difficult to get, if you require it.

Senator LUNDY—Could you take that on notice? Have you seen Athletics Australia's plan to resolve their financial difficulties?

Mr Peters—I have not personally seen their plan, but our sports consultants have been working with them. I have been invited to attend their annual general meeting. I have had discussions as recently as last week with their chief executive officer not only to assure him that they need to have a plan that works but also for him to assure me of the strategy they have moving forward. So I have not sighted the plan. He has discussed it with me verbally. Obviously, their board and their constituents need to sign off on it, but our sports consultants, based on the advice Athletics Australia have from their auditors, say that this is an achievable plan.

Senator LUNDY—Is the Australian Sports Commission in a position to underwrite Athletics Australia, given the closeness of the Athens Olympics and the obvious priority on performance at the elite level?

Mr Peters—Through the DAS scheme, we do not believe any athletes will be disadvantaged in their preparation for Athens. The difficulty that Athletics Australia have is that they are developing a national sporting system, so it is where they place their priorities over the next two to three years. That is driving their new structure, which is the attempt to amalgamate Little Athletics into their overall plan and to make sure they have athletic pathways and can support their sports institute academic network and the AIS. There are a whole lot of things in their plan of how that works, but one of the priorities is that no athlete is disadvantaged in their preparation for Athens.

Senator LUNDY—Minister, I want to go back to a general comment about the pursuit of bipartisanship in the sports portfolio. Can you tell me how that relates to the approach the government takes in the issuing of invitations to commission related activities? For example, do you have a policy on how the opposition is treated when the Sports Commission is launching initiatives?

Senator Kemp—The Sports Commission has asked you out for a briefing. If there is anything more you feel that you need, I am always happy to see what we can do. In relation to initiatives, the government makes launches as part of government policy. We are not normally asked to Labor Party launches—at least I am not asked to your launches. That is an area where clearly the Sports Commission is giving effect to government policy. I am really talking about how you treat issues in the sports portfolio. I think there is a danger, just because someone does not agree with you, of accusing them of being politicised or under the direction of a minister.

Senator LUNDY—Accuse them of what?

Senator Kemp—Accuse them of being directed by a minister to say things. That is the area I am talking about. For example, your attitude in relation to the soccer package was important. It was a very difficult issue. I appreciate the support you gave to the package. We have a chance, because there is a bipartisan approach to soccer, to move soccer forward in a way in which in the past people could only dream of. There has been an enormous change in relation to that. We all hope that the new board can deliver. That is important. I am talking about bipartisanship, but you and I will differ. We may well differ on funding or priority. I do not object to your making comments on that—not that it would matter if I did.

Senator LUNDY—That is right.

Senator Kemp—That is, where it is valid. I am worried about when individuals are attacked, I would have to say.

Senator LUNDY—Have you ever given a directive to the Australian Sports Commission not to involve members of the opposition in either local or regional initiatives?

Senator Kemp—I do not think so. I will check my files, but I have not given a directive. I think they have to be occasions which are appropriate. You and I often see each other at sporting functions.

Senator LUNDY—So on an occasion where it would be considered appropriate to involve local politicians in a particular event, would you be concerned if the Sports Commission involved members of the opposition?

Senator Kemp—No. If I were launching a major new initiative on behalf of government, I would think it somewhat passing strange. I think we have rules on that between the parties. We do not seek to come to your launches.

Senator LUNDY—I remember Warwick Smith inviting me to a launch. I think he was opening the Aussie Sports Expo at the AIS. It was a particularly fun day because we got to compete on the rowing ergometer.

Senator Kemp—Who won?

Senator LUNDY—Me; that is why I raised it.

Senator Kemp—I would never ask you to do that, I can tell you. That is what I call lacking bipartisanship. Beating the minister I think is just terrible. I am glad you have given me that warning.

Senator LUNDY—Indeed, and I must say I paid a price, because he later convinced me to participate in a swimming relay.

Senator Kemp—Was he a bit faster in the pool?

Senator LUNDY—He was very proficient in the pool.

Senator Kemp—In that case, I will choose my weapons carefully.

Senator LUNDY—I do not want to harp on this, but my point is that I have noticed that those sorts of invitations have ceased altogether. That just further reinforces my suspicion that there is something nonpartisan going on.

Senator Kemp—Let me look at it. I will have discussions about it with the Sports Commission. I do not think I would ask you to where I am launching a government policy; I think I will stick to the general practice there.

Senator LUNDY—I am not asking for anything more than that, but I think there are issues there.

Senator Kemp—I would hate to think that you feel excluded.

Senator LUNDY—It is not just me; this has been observed by a number of my colleagues also.

Senator Kemp—Really? No-one has complained to me about it.

Senator LUNDY—No, because they are blaming you for it.

Senator Kemp—They have always regarded me as a very consultative and inclusive minister; they keep on coming out and saying that to me.

Senator LUNDY—That they see your doing this of course reflects badly on the commission. If you can fix that problem, everyone will be happier.

Senator Kemp—You have raised the point, Senator, and I will have a discussion with the commission.

Senator LUNDY—Thank you. I now move to ASDA. According to yearly summaries, comparing the total number of tests—including government funded tests—in 2001-02 with those in 2002-03, there has been a decrease. Can ASDA explain why fewer tests were conducted in the last financial year than in the previous financial year?

Mr Mendoza—There was a small decrease in the years to which you refer, mainly due to some cost pressures—and I am searching for that particular year. Your question relates to 2001-02 versus—

Senator LUNDY—2002-03.

Mr Mendoza—I do not have 2001-02 in front of me.

Senator LUNDY—I can apprise you of those figures. Your annual report is not yet available, and these figures are contained in ASDA update volume 7.1. Total tests for 2002-03 were 6,263; and total tests for 2001-02 were 6,869. There have been some 600 fewer tests.

Mr Mendoza—I am sorry; I thought you were referring specifically to government funded tests.

Senator LUNDY—I can tell you that figure as well. In 2001-02 there were a total of 3,849 tests; and in 2002-03 there were a total of 3,556 tests. There was a reduction there. There was also a reduction of some 300 tests in the fee for service tests.

Mr Mendoza—That is right.

Senator LUNDY—So there was almost a comparable reduction across both government funded and fee-for-service tests.

Mr Mendoza—The earlier year was the year of the Goodwill Games in Brisbane. A significant number of tests were involved in that event; there were in the order of 250 tests. That makes up virtually all of that user-pay decrease. The other ones were just some swings

and roundabouts, depending on particular international events that would have been held in Australia in that year as opposed to the following year. The reduction in the government funded program that year was due to an increase in the costs of conducting the tests. That has been identified and addressed in the appropriations going forward. This financial year we anticipate that there will be a total of 3,800 government tests.

Senator LUNDY—At the last estimates when we discussed this it was indicated that the additional \$700,000 that was allocated was enough money to cover the increased costs and the number of tests. Is it that money that you are saying will keep you up over the 3,800 tests mark?

Mr Mendoza—That is right. We would anticipate being able to sustain that as we go forward. There is within the appropriation this year a significant amount of money that we have earmarked for the introduction of code related projects, specifically an athlete whereabouts system. They will not be repeated in the out years, so we anticipate that we will be able to absorb minor increases in cost due to higher analytical fees or higher collection costs.

Senator LUNDY—Going back to this \$700,000 that was allocated in the budget for the current financial year, we now know that in that financial year there was a dip in the number of tests. I take your point about fee for service, but there was still a reduction in government funded tests. What proportion of that \$700,000 will be required specifically to bring up the number of tests from 3,556 to, hopefully, at least above the 2001-02 levels of 3,849—and, indeed, provide for the additional requirements of an Olympic year? And it is an overseas Olympic year, which I presume brings with it another swag of expenses for ASDA because you will not be testing athletes here; you will be testing athletes in another jurisdiction. I would like to get from you a breakdown of that \$700,000 that will cover all of those bases, and then I would like to see how much money is left for the athlete whereabouts system and the implementation of the WADA code.

Mr Mendoza—Bringing the number of tests back up to 3,800 will cost in the order of \$500,000 or a little under that.

Senator LUNDY—\$500,000?

Mr Mendoza—That is right.

Senator LUNDY—Just to get the number of tests back up to over 3,800?

Mr Mendoza—Yes.

Senator LUNDY—Does that account for the Olympics hump?

Mr Mendoza—That accounts for the Olympic cycle. You are quite right in saying that the number of tests that we will conduct overseas on Australian athletes will be significantly higher in this period leading up to Athens 2004 than it would be in a post-Olympic year or one of the other years in the Olympiad. We do this by two means, not merely by engaging subcontractors at high cost—we do that on a very selective basis—but by and large we anticipate three-quarters of the tests we will conduct overseas on Australian athletes will be through what we call bilateral agreements. They are with other national anti-doping authorities and they are done on a reciprocal basis; that is, there is no exchange of fees unless

there are some extraordinary factors involved—for example, things like blood collections may necessitate additional fees.

Senator LUNDY—Have you budgeted for the cost of those bilateral agreements? I am presuming you will need to have them in place this current financial year.

Mr Mendoza—We already have the bulk of them in place—we have 19 agreements currently. We will extend that to around 24 in the run-up to Athens. I have officers in Europe right now and part of their mission this week is in fact to make agreements with two leading authorities in Europe. That will mean more capacity for us to use these reciprocal agreements, which are a very cost-effective way of providing greater coverage. So we would anticipate having all those agreements in place in the first part of next year. We can only do agreements, I should add, with countries that have high-quality anti-doping programs. We are not likely to strike deals where we would accept test results with organisations that cannot meet the requirements of the ASDA Act.

Senator LUNDY—What is the dollar figure against those bilateral agreements?

Mr Mendoza—We do not have a specific line item for the cost involved in that. It is incorporated in our international activity. Extending the number of bilaterals we have at present is not much of an outlay in additional cost. The airline costs and accommodation costs are simply part of our international effort, and that has remained pretty much constant over the last few years at about a quarter of a million dollars per annum.

Senator LUNDY—And that will not change, even with the Athens Olympics?

Mr Mendoza—No.

Senator LUNDY—Is that part of the \$500,000 that you nominated before?

Mr Mendoza—No, that is separate. It is a constant within the appropriations of the last few years.

Senator LUNDY—So it does not come out of the \$700,000. Going back to the \$700,000 and in terms of the peak in the number of drug tests, you mentioned that you wanted to get the number of government funded tests back over 3,800. We know that in 2001-02 there were 3,849 tests. Surely you would be aiming for a greater number of tests given that that was not even an Olympic year. I do not understand why you are aiming for about 3,800 when in a non-Olympic year you exceeded that and whether that is a result of the budget constraint or there is another reason.

Mr Mendoza—The fact that in 2001-02 we ended up with a figure of 3,849 is in the context that we had a target, a planned number, of 3,800 that year. We went into that year on the basis of achieving that target. In the run-up to the conclusion of the year more missions proved successful than we had anticipated, so we ended up with a larger than anticipated number. We obviously always allow for a margin of deviation from that target figure, so there is no real difference between the fact that we achieved 3,849 in that year and the fact that we are aiming for 3,800 this year.

Senator LUNDY—But this is an Olympic year.

Mr Mendoza—This is a lead-up to an Olympic period.

Senator LUNDY—And we have also got the world cup—but I suppose that they would fall into the fee-for-service bracket.

Mr Mendoza—They are predominantly in the fee-for-service area—that is right. A list of athletes that are in Olympic squads at the moment has been provided to the agency by all the summer Olympic federations. We have looked at those lists of athletes and the ranking of those athletes and we certainly have enough tests in that pool of 3,800 to ensure that there is an adequate deterrent effect applying for all those athletes, both those in Australia and those residing and training overseas.

Senator LUNDY—In the lead-up to the 2000 Olympics there were some 1,600 tests performed. Are you allowing for that same number in the lead-up to Athens?

Mr Mendoza—No, and for a number of reasons. That period running up to 14 September when the Olympics opened in Sydney was a once in a lifetime period in terms of the testing program ASDA undertook. We undertook those tests on behalf of the World Anti-Doping Agency, with a government funded program here. But also, a significant number of those were done on behalf of international federations and other national anti-doping agencies such as UK Sport. We would never anticipate a run-up period to another Olympics—even if it were in Australia—at that sort of level. There was a compression of testing which I would not like to see happen again in terms of program efficacy.

Senator LUNDY—To get that clear: are you able to say how many tests you are budgeting for in the lead-up to the Athens Olympics for Olympic sports?

Mr Mendoza—In the six-week window from 1 July to the opening of the games in Athens we have not fixed on a figure at this stage. The reason for that is that I am privy to papers that have been prepared by the IOC and WADA and, for the first time, I think we will see a far more strategic approach to the testing leading up to Athens. We will make our judgment on what the best value is for the Australian government program in that six-week period, given that many of the squads—the teams and individuals—will already be residing overseas.

Senator LUNDY—That is right.

Mr Mendoza—Be assured that we will do our utmost to ensure that the Australian program is complementary to the programs running under the auspices of both WADA, which will be managing its program itself next year, and the pre-event testing which the IOC envisages, which will be 250 per cent bigger than the program we had leading up to the Sydney Olympics under the IOC's mandate.

Senator LUNDY—Are you able to give me figures for what tests were conducted on Australian athletes prior to the 2000 Olympics?

Mr Mendoza—I would have to take that on notice.

Senator LUNDY—If you could, and also take on notice what your target number of tests for Australian athletes in the comparable period for this forthcoming Olympics will be.

Mr Mendoza—I can answer that in part. Our target will be that from the beginning of next year—1 January—through to Athens, every Australian athlete competing in Athens will have been subject to a random out of competition test conducted by ASDA. That is our goal. There

are a lot of contingencies and issues we have to manage as we go through that period. Some of them will be subject to more than one test, but that is for us to determine.

Senator LUNDY—I guess the ultimate question is: is ASDA resourced to the degree necessary to perform not only the number of tests but the types of tests necessary to ensure that Australian athletes are drug free?

Mr Mendoza—We have prepared a detailed operational plan and budget based on those target figures and we anticipate being able to deliver on that. We have adequate resources, human and financial, in order to do that.

Senator LUNDY—And \$500,000 of the additional \$700,000 will contribute to that.

Mr Mendoza—Indeed.

Senator LUNDY—In response to a question on notice regarding the costs of EPO, ASDA indicated that the expected costs for blood testing in 2003-04 would be in the order of \$795,000, but there was some potential variation to this in light of anticipated changes in a testing protocol. Can you update me on the blood testing protocol? Have those anticipated changes taken place?

Mr Mendoza—We are currently midstream in our review of our blood testing program in Australia. I anticipate being able to report to the board and consequently to the minister later this year in relation to changes we may make in that regard. This has been slower than we would have anticipated, partly because the deliberations that WADA undertook were some nine months after the anticipated date. The WADA Executive Committee received a report and endorsed that report in June this year. It was anticipated that that would be available late last year. We wanted to make sure that we had the information presented to WADA to take into consideration in our own domestic review. So it is a bit early to say what the impact of the changes will be. We have not determined those. It is too early to say what the impact of those will be on cost.

Senator LUNDY—When do you think you will know?

Mr Mendoza—We are pushing for an outcome on this before the December board meeting of ASDA, so hopefully before the end of this year we will be able to start to put into place those changed requirements. I will just point out that this is a very complex issue. Only two weeks ago there was a meeting of all of the relevant international federations—there are seven international federations that are involved in blood testing—along with a group of renowned experts in Athens to consider the issues around blood testing and the need to harmonise the various approaches.

There is an emerging consensus as to how we go forward among those stakeholders and we need to take those issues into consideration. We do not want the Australian program to be out of kilter, if you like, with the directions the rest of the world is taking. But I am confident at the moment that the program we are deploying is in fact best practice in terms of the fact that we deploy the most rigorous blood testing program of any national agency in the world.

Senator LUNDY—In terms of uniformity or not being out of kilter, in ASDA's view is that likely to have the effect of perhaps reducing the standard and making it less than world's best practice or in fact enhancing that standard and improving it?

Mr Mendoza—This is where a lot of the debate in this particular issue is around: what is best practice in blood testing? There are a lot of divergent views. There is not any empirical data to back up one set of views over another. What I would summarise it as is there is a view that you should cast the net wider: do more tests looking at fewer blood parameters and hence costing less. That may in fact be a greater deterrent than a test program that is based on more rigorous analytical requirements but is far more costly and therefore focused on a fewer number of athletes. They are the two schools of thinking and no-one really knows. We are in constant discussion.

Senator LUNDY—What do you do at the moment? Which end of the debate are you?

Mr Mendoza—We are more down this end—

Senator LUNDY—What end is that?

Mr Mendoza—in terms of a more targeted approach. We look at more parameters in the blood spectrum. Hence, we target our EPO tests more selectively. That is a more rigorous, planned, targeted approach than the broader net that some others are casting. The debate is about which is best. Something also in the mix here is the question of which is best for which context. Is one better in an event context as opposed to an out of comp contest? That is what makes this a very complex issue to work through.

Senator LUNDY—So with something like EPO it might be more important to test out of competition, thereby costing more. But then you might change the strategy as you get closer to competition and perhaps not test for EPO in competition—I am just interpreting what you have told me—

Mr Mendoza—That is an accurate interpretation.

Senator LUNDY—but test for other things but more widely in competition.

Mr Mendoza—That is right.

Senator LUNDY—You are now effectively waiting on an international body to put some policy parameters around those types of considerations?

Mr Mendoza—We are not waiting for them—we have waited long enough, in a sense; we are liaising with those other groups. Ken Fitch, who is the chair of ASDMAC, was present at those Athens meetings. He has given me a report. We are also privy to other reports which have come from those meetings. We will continue to liaise and dialogue with WADA and others on it. But I am mindful of the need to bed down any changes well and truly before Athens so that we are not tinkering with this very important aspect of the testing program in the months or weeks before the Athens games.

Senator LUNDY—How much does it now cost for an individual blood test to be completed?

Mr Mendoza—If you mean a blood test requiring EPO urine analysis as well, the test cost is in the order of \$A1,700.

Senator LUNDY—Can you tell me what happens to that cost when you introduce testing for THG?

Mr Mendoza—If I can just clarify this for you, THG is actually screened for in the steroid profile, not in what we call the oxygen enhancing products, like EPO and darbepoetin.

Senator LUNDY—So it is a different test altogether. It is not a blood test.

Mr Mendoza—No, it is not a blood test. It is done in a standard urine screen.

Senator LUNDY—To finalise the questions about the costs of blood testing—and perhaps this is a question for the minister—does the government have a policy or a view about the focus allowing ASDA to continue to focus on the more comprehensive tests even though they cost more, or is it at the other end of the spectrum, which we have heard can allow more tests but perhaps test for less?

Senator Kemp—What John Mendoza said before I was called away, I thought, made a lot of sense. The testing today is more strategic than it was. In other words, the out-of-competition testing, for example, has become enormously important. If you speak to some experts in this area you will find that they, of course, strongly support testing after an event and before an event but they would say that, strategically speaking, you have got to do more of the out-of-competition testing. I think that is the focus that John was talking about when he spoke of more strategic testing. We are probably testing in a smarter way now than we did probably five or six years ago. People know—and, happily, there are not too many—who the people are that abuse drugs and take drugs. They may be able to pitch their preparation so that they know they will come out clean during a competition, but now they have no such certainty. I think that the approach that ASDA is taking with out-of-competition testing is very much in line with current thinking around the world. Dick Pound, for example, would certainly tell you that it is very important that this area be maximised.

Senator LUNDY—Do you see strategic testing as an opportunity to reduce the annual budget of ASDA?

Senator Kemp—You mentioned THG. We are obviously dealing with a different world now, and I am sure that the Treasurer would not be surprised if he heard me say that I think in the end we will be continuing to put a lot of pressure on these budgets, because I think the challenges are becoming greater. The cheats are becoming smarter. The people who advise the cheats are becoming smarter.

Senator LUNDY—But you agree that the government, in allocating funding to ASDA, needs to keep pace with those pressures?

Senator Kemp—I think that is exactly what has happened. Again I am not being political—because, as you know, I am very bipartisan—but I think the budgets that we are giving to ASDA are significantly greater than they have been in the past. The government not only use the slogan, ‘Tough on drugs,’ we believe in it, and it is not always easy. You and I are very much aware of some high-profile cases. We have a reputation in this country for being tough on drugs. We have a reputation for probably setting the benchmark for other countries and it is the intention of this government that that is exactly where we will remain.

Senator LUNDY—Can you confirm that ASDA are now testing for THG and describe the additional costs associated with testing new samples for THG?

Mr Mendoza—We are testing for THG. In fact, for all samples that were received from 16 October, it will be just part of the routine screen. Regarding samples that we had collected prior to 16 October, when there was the public announcement made by USADA about this product, we had some hundreds of samples in the laboratory available to us dating back to 1 September.

Senator LUNDY—Of this year?

Mr Mendoza—Of this year, yes. We sought legal advice on this question because this was not a matter that we had had to consider previously. We had the possibility of rescreening for a newly detected substance and we took that legal advice and applied it to those samples. I have written to all of the athletes concerned to advise them directly—and be very transparent about this—that we are subjecting their tests to rescreening. There is a cost associated with that rescreening because we are asking the laboratory to basically do its job twice, but that will be met within our budget without any difficulty. The samples that we have collected since 16 October on behalf of all our users—pays clients, such as the NRL, the AFL and so forth, are also being routinely screened for THG.

Senator LUNDY—I would like to know the possible legal implications of finding a positive test in a previously cleared sample, particularly because, as new substances are discovered or made public, my understanding of the arrangements is that there is a banned list. Am I correct in suggesting that means this substance would not have been on the banned list? Or has it been on the banned list for a while? Can you explain how the operation of the banned list relates to the legal implications of finding a positive test in a previously cleared sample?

Senator Kemp—Before we answer that I might draw the attention of the chair to the time.

CHAIR—Indeed it is after three o'clock, Minister, so we will have a short break and adjourn to the corridor and watch that horse race since that is the agreement.

Proceedings suspended from 3.03 p.m. to 3.23 p.m.

CHAIR—After all that excitement, we will resume.

Senator LUNDY—I had asked a question about the legal implications for the retrospective testing for THG. ASDA were about to respond when we adjourned briefly. Over to you, Mr Mendoza.

Mr Mendoza—The starter's gun diverted us. In relation to the THG legal issues, the first thing we had to satisfy ourselves about was whether it was banned under the respective sports' policies. Almost all sports adopt the current Olympic movement antidoping code prohibited list. In relation to anabolic steroids, related substances—that is, those that are pharmacologically related to those that are specified in the list—are banned. So it is our view, and it is a universal view from the IOC, WADA and others, that THG is banned under that category. That was the first test. The second test we had to satisfy was in relation to some specific requirements under the ASDA Act, and they are essentially about the security of the sample. Those issues have been satisfied in relation to samples that we are reanalysing.

Senator LUNDY—Have you found any positive tests?

Mr Mendoza—I am not in a position to state that at this stage. I have said publicly that, in order to give a stamp of confidence to Australian athletes and Australian support generally, when those reanalyses have been completed we will publicly say so, and state what the results are.

Senator LUNDY—My understanding is that it is then up to the national sporting organisations to effectively determine whether the results are made public—is that right?

Mr Mendoza—In these cases I will not be naming the athletes that have been tested, but I will simply make a general media announcement that all of the tests that we have subjected to reanalysis have either shown no positives in relation to THG or they have.

Senator LUNDY—Will you identify the sports, if there are any positive tests?

Mr Mendoza—We will consider that. I think it is important that we look at this from the point of view that it is a way of rebuilding public confidence, or at least affirming public confidence that this issue has not been one that is in evidence in Australian sport.

Senator LUNDY—When will that be?

Mr Mendoza—I would anticipate before the end of the month. It is entirely a matter for the laboratory to progress these, and they are doing so as quickly as they can.

Senator LUNDY—In other jurisdictions or other countries, there has been discussion about retrospectively testing samples going back years and years. Is ASDA contemplating that or is 1 September as far back as you are intending to test?

Mr Mendoza—The first question is whether we have the samples to even consider that, and we do not. I would be very surprised if some of those other jurisdictions have the samples available to them. You probably have noted that the governing body of swimming declared, in relation to the swimming championships in Barcelona in August, that they were not going to go back and reanalyse those samples. It was because they did not have the samples to reanalyse—they had been disposed of. There is a minimum rule in relation to laboratories retaining samples, and August is beyond that minimum.

Senator LUNDY—At the last round of estimates, Mr Peters from the Sports Commission said that he was extremely optimistic that there would be 100 per cent compliance for round 3 in relation to the self-reporting assessment audits of national sporting organisations in relation to their adherence to the Tough on Drugs in Sport policy. Was this the case or are there still some sports that have not completed their assessments in time?

Mr Peters—One hundred per cent of sports completed their assessments on time.

Senator LUNDY—What was the due date of those assessments?

Mr Peters—We do not have the exact date but I am happy to supply it.

Senator LUNDY—So which month was it?

Mr Peters—I am guessing the end of August, but I will get the exact date for you.

Senator LUNDY—Thank you.

Mr Peters—I am sorry, it was sometime in September.

Senator LUNDY—But there was a date published, wasn't there?

Mr Peters—Yes.

Senator LUNDY—I remember that last time we questioned the Sports Commission about this, there was some flexibility about what it determined to be a reasonable response time. Can you confirm that, when we identify the due date, there was in fact no flexibility with regard to those responses and that they all were specifically received by that date? Can you tell me whether you gave anyone extensions or anything like that?

Mr Peters—In the second assessment round, a number of sports were at the Manchester games and extensions were given to them. On this occasion, there were no extensions given.

Senator LUNDY—Can you take on notice to provide the committee with a table showing every sport and the date the response was due for each round and the date that they provided their full and complying report to the Sports Commission?

Mr Peters—This is over the three rounds of assessments to date?

Senator LUNDY—Yes, the three rounds to date.

Mr Peters—Senator, I have just been informed there was one extension given to due an administrative error about the date, but the sport had the information anyway.

Senator LUNDY—Sorry, can you speak up a bit?

Mr Peters—I have just been informed there was one extension given due to an administrative error in notification. I will get that sport to you, but there was no—

Senator LUNDY—In round three?

Mr Peters—Yes.

Senator LUNDY—Which sport was it?

Mr Peters—Badminton.

Senator LUNDY—Can you provide all the details and the reasons given for the lateness?

Mr Peters—Yes.

Senator LUNDY—Have you received it yet?

Mr Peters—Yes.

Senator LUNDY—How late was it?

Mr Peters—The wrong form was sent out to badminton. They were given an extension on the basis that they had been provided with the wrong form, but they had actually returned it on the required date. So an extension was given, but they did not need it.

Senator LUNDY—It was your fault?

Mr Peters—Yes.

Senator LUNDY—They were the only one that got the wrong form? How did that happen?

Mr Peters—We were overworked and under stress.

Senator LUNDY—Underresourced; they need more money, Minister, so they can get their administrative processes right.

Senator Kemp—They do a pretty good job overall.

Senator LUNDY—If I can flick back to ASDA for a minute, I want to ask about something that has come to my attention before I move on to the administrators of my favourite sport of soccer. I cannot use the athlete's name, but I have in front me correspondence relating to an athlete tested by ASDA. This test was apparently performed incorrectly. When they were tested they were negative only to be notified that part b of their test was positive, which is all normal. They then received a letter incorrectly dated saying that there was an administrative error and that the first test was, in fact, positive. Finally, another letter arrived saying that the test was negative. This occurred between 28 July and 11 September. Can you take on notice to provide an explanation to the committee about the specific case? I am sure you can work out which one it is. Does this happen often in ASDA's administration of the drug testing program?

Mr Terrell—We are well aware of what happened in this particular case; I am happy to talk about it now or take it on notice. The circumstances were very regrettable and we were very quick to apologise.

Senator LUNDY—Are you admitting that it was administrative error on behalf of ASDA?

Mr Terrell—It was an administrative error that happened to be repeated twice but for different reasons.

Senator LUNDY—Has this happened before? Is this a one-off case of athletes being misadvised about the results of their testing? I am sure everyone can appreciate the stress it has caused.

Mr Terrell—This is a one-off. The process we undertake in testing athletes is to offer them what is called a negative letter if the result is in fact negative. Of course we will contact them directly if it is not negative, in accordance with our normal results and management process. This was a one-off. It was very regrettable and it was entirely due to administrative errors. They had no impact at all on the analytical result. We explained that to the athlete concerned, to the athlete's coach and to the sporting organisation. We made it very clear that the nature of the administrative errors had no impact on the analytical result.

Senator LUNDY—What is the status of this particular incident at the moment?

Mr Terrell—We understand the sport has heard the issue, convened a tribunal and dealt with the matter. The athlete has received a sanction and I believe is pursuing his sporting career. That sanction may in fact be over. If it is not, it will probably be over fairly soon.

Senator LUNDY—Thank you for that explanation. Have you put in place safeguards to ensure that the same mistake cannot happen again?

Mr Terrell—We have.

Senator LUNDY—Minister, regarding Soccer Australia, newspaper reports indicate that a blueprint for the reform of soccer exists. Does this blueprint refer to the Crawford review or is another strategic plan by the new soccer body the subject of this description?

Senator Kemp—I will refer that question to Mr Peters.

Mr Peters—The blueprint is the Crawford report, and within the next four months the Australian Soccer Association will have finalised their business plan for the next three years.

Senator LUNDY—What involvement does the Sports Commission have in the development of that business plan for the new soccer body, the Australian Soccer Association?

Mr Peters—At the moment we have offered to assist in any way, but it is something under consideration by the new board of the ASA. They are presently talking to state and territory bodies to finalise who will be a member of the ASA into the future. My understanding is that they are looking to run some sort of workshop forums with those states to finalise the plan. As with any sport, we offer expertise if they so desire.

Senator LUNDY—Has the federal government placed any caveats, preconditions or conditions on the expenditure of the grant and loan provided to the Australian Soccer Association, which totalled \$15 million?

Mr Peters—The Australian Sports Commission—as we do with all sports—is finalising the service level agreement, but there are a number of conditions associated with that particular grant. That is made up of a loan and a grant.

Senator LUNDY—For the record, can you state what those amounts are?

Mr Peters—It is a \$9 million grant of \$3 million each year over three years, and up to a \$6 million loan, depending on the requirements of the ASA.

Senator LUNDY—In terms of the \$9 million over three years: will that be provided as additional money in the Australian Sports Commission's budget allocations in each budget?

Mr Peters—Yes, that is correct.

Senator LUNDY—So that will be an additional allocation and will show up as an additional allocation for the Sports Commission?

Mr Peters—Yes, it is not reusing an existing budget; it is additional money supplied to the commission.

Senator LUNDY—And it will not be offset by any reduced expenditure in any other area in the Sports Commission?

Mr Peters—No.

Senator LUNDY—Can you explain how the \$6 million will be accessible by the Australian Soccer Association?

Mr Peters—They are obviously looking at their cash flow at the moment. When the ASA was formed, it formed with a nil budget because of the circumstances surrounding the new company. They will access that loan as they see the need to after they finalise their business plan. Part of the negotiations was on the basis that, if they are able to renegotiate significant commercial contracts, they may not need to use that loan. That is really for the new board in their negotiations in the ensuing few months to determine.

Senator LUNDY—What funds are the Australian Soccer Association using at the moment to continue operating?

Mr Peters—We supply them, through the grant format prior to this, with about \$1.3 million that they use for different programs. We also run the AIS men's and women's programs for them. So they are able to continue on in some of those program areas. We have advanced them \$1 million to allow them in the initial stages of their operation—

Senator LUNDY—Out of that \$9 million?

Mr Peters—Yes. We have a meeting next week with them to look at the next few months going forward.

Senator LUNDY—One of the issues that is on the minds of many of the participants in soccer is the capitation fees paid by community clubs, local clubs and junior clubs to the Australian Soccer Association. Has there been any change to or reduction in those capitation fees in the current circumstances? Is that an issue for the government to consider in the funding arrangements?

Mr Peters—The Crawford report recommends that the capitation fee should continue until such a time as the board, in whatever form it was to be at the time of the Crawford report, believes it is financially opportune to either reduce the fee or cease it all together. Some of the frustrations of the previous members of Soccer Australia were that when they paid the initial fee they were guaranteed certain things by the past Soccer Australia boards, including the setting up of a national database. That is certainly part of ASA's plans, but the Crawford report was suggesting to all those involved in the game that that capitation fee is something that should be there as base funding flowing to the national body to allow it to move forward. As I understand at the moment, the board has not sat down with its members and decided whether or not that fee should be reduced.

Senator LUNDY—But it is within their purview to do that in the context of this government support that has been provided?

Mr Peters—The support is provided on the implementation of the Crawford report, and the Crawford report recommends strongly that the capitation fees should be part of the sport moving forward.

Senator LUNDY—Is there any provision that the government has provided for to ensure that a significant proportion of the loan or grant goes towards promoting soccer at the grassroots level and participation, for example, through junior soccer clubs?

Mr Peters—One of the conditions is that the money should not be used to support past debts or to support the international players or professionals in the NSL; that it should be used for the development of the game. One of the strengths of soccer at the moment is its grassroots development. It has been very significant at that end. Where it has not been successful is establishing programs which we call athlete development programs and a national soccer league of some substance. There are no guarantees asked with our contract at the moment that the money must go to a specific area. We are saying that the new board must sit down with its constituents now and actually put a business plan in place as to how to drive this sport forward using the Crawford report as its blueprint.

Senator LUNDY—So it does not specifically nominate that area, but it excludes other areas?

Mr Peters—Yes. One of the fears was that any assistance from government may be directed to professional players involved in international games, and that is not what we think the immediate issue is for soccer.

Senator LUNDY—My concern is that the Crawford report was light on issues relating to participation, grassroots and the future of women's soccer. I am really exploring the opportunity that still exists with the government to strengthen those aspects of the Crawford report, which, as you say, is the blueprint for how this money should be spent to strengthen those areas of investment. My next question has the same theme: are there any conditions attached which would see an appropriate proportion of these funds invested in the development of women's soccer at both the grassroots and elite levels?

Senator Kemp—I think Mr Peters mentioned that one of the strengths of soccer is its growth at the grassroots level, including women's soccer. As I go around the country and the discussion of grassroots sports facilities is raised with me, the typical ask is for soccer and soccer grounds. So I think at that level soccer is doing very well. People tell me that the growth in women's soccer—I have not got the statistics here—has been quite exceptional and that more and more young women are playing soccer. It is something that we very much encourage. There are a number of critical issues in soccer, but one is to manage the sport properly. We have a good board. They are setting up a new management structure to develop a national league. The one thing we are very pleased with is the growth of soccer at the grassroots. That is not an area where money is being directed, but we have targeted programs to assist soccer at the grassroots and we are encouraged by what we are seeing there.

Senator LUNDY—I put to you, Minister, that the success of both women's soccer and grassroots soccer has been in spite of Soccer Australia, not because of it. They have obviously contributed significantly through capitation fees to that federally funded body. The Crawford report and the response to it are designed to resolve some of those structural problems of the past. Where I am coming from here, in my questions to you, is a concern that, if the Crawford report inadvertently repeats the same sorts of priorities that existed previously—a different structure but not with the right emphasis on new development, participation in grassroots soccer and women's soccer—the same sort of proportional support will end up in the new structure as well. I have a view that there is a much greater opportunity here to look at that structural proportion of how the game is supported from the peak body. There is no question in there. I am expressing a view, but I am interested in your response.

Senator Kemp—I am not arguing the toss. There would be a lot of people in soccer who would argue that the representational basis, particularly for grassroots soccer, was very poor. I am very much aware that, in Victorian groups, parents who run soccer at the very junior level have been very concerned about the lack of representation they have received. They have been in touch with the Sports Commission on that, and there may well be wider issues. Mark, is there anything more that you would like to add to that?

Mr Peters—The women's soccer issue was discussed a lot during the Crawford report inquiry, and one of the reasons was its lack of representation. In the new structure at the national level we will see a women's soccer commission formed for the first time, with representation from all the states and territories. That model will also be reflected in the states and territories so that women's soccer, as with futsal, will have commissions in the state

bodies—which never happened before. We are getting feedback from our AIS coaches. The national coach of the Matildas said that in the last couple of months he has received more support from the ASA than he has ever received before. He is quite optimistic that there is a realisation that that portion of the game is very crucial for its image and development into the future.

Senator LUNDY—Are there any women on the Australian Soccer Association board?

Mr Peters—Yes, Suzanne Williams is one of the interim board members who have been appointed.

Senator LUNDY—What accountability measures are in place for the expenditure of the funds, both the grant and the loan if it eventuates?

Mr Peters—Like every national sporting association, ASA have a service level agreement. That is being negotiated at the moment. The initial correspondence and discussions with ASA have been on the basis of the Crawford report. The expectation is that it will be implemented and written into the final service level agreement. With soccer we will probably have more short-term milestones than some of the more established sports, but I think we need to do that to protect the investment that we have made in the sport.

Senator LUNDY—Going back to the issue of women's soccer, I know it is a long way to parity between the men's and women's competitions at a national level, but has a goal been set? For example, does the support provided to the Australian national women's team have some parity with the level of support provided to the men's team in terms of travel expenses and things like that? There is not going to be parity with the international competitions, but what sort of equity principles have you put in place to support women's teams at the elite and international end of the sport?

Mr Peters—The Matildas are part of the AIS, and their costs are very much supported by the proportion of the grant that the AIS has. The difficulty at the moment is that international games for the men and the National Soccer League are a financial disaster, and Soccer Australia have had to pick up some of the debt rather than commit resources up front. That is one of the big issues: how does the sport create an image through a national soccer league, both on the male and female sides? The reality is that, for whatever reason, the corporates at the moment are looking to invest in the NSL rather than the women's league, and that is an issue. Hopefully, if the Australian Soccer Association can find the financial solution they need—and we are optimistic that they can—then that will see a flow of resources to all aspects of the game, including futsal, which is a world component that has been neglected in Australia as well.

Senator LUNDY—The other factor that I believe should be considered is that there has never been parity or equity in the ability of women's national teams to attract sponsorship in the way that men's teams can for a whole range of reasons. So there is a case in my view for greater support or greater intervention to address some of those imbalances. Would you agree with that?

Mr Peters—I think the whole sport of soccer at the moment is on its knees, with some hope of moving forward, and the challenges across every discipline of the game are absolutely enormous. A lot of people are putting a lot of faith in the present board, particularly

some of the corporate leaders there, but unless the whole game and all sections of the game embrace the Crawford report change and move forward then I do not think we are going to have an opportunity to see a lot happen. I am optimistic it will happen, and I think the voice of women's soccer, the voice of futsal and the combination of amateurs and juniors into the one body will make a big difference in prioritising the way forward.

There are a number of stages here that the new board have to look at, and the first is getting themselves financially viable. If you look at where corporates are at the moment, the reality is that they tend to be in the TV-profiled sports. I would imagine, without seeing their final business plan, the board are going to have to concentrate on getting the Socceroos playing more games on the international stage, because that will generate more revenue—more revenue than the Matildas would, and that is just a reality. Similarly, in the first instance we need to get a national soccer league operational so that it can attract corporates as well, more so than the Women's National Soccer League, which is in its infancy. But the benefits to all aspects of the game lie in the association being a success as a national sporting body.

Senator LUNDY—I am feeling compelled to start debating some of those points, but this is not the place. Thank you for your response. Minister, could I finish on your earlier comment about representation in the Australian Soccer Association. You mentioned concerns being expressed, particularly in regions around Australia, about the desire for regional soccer associations to have some board representation or to have some representation. How is that proceeding and, in your view—or perhaps Mr Peters's view—do the Crawford reforms now provide those opportunities?

Senator Kemp—I might ask Mark to deal with some of the specifics. What I was referring to was quite junior soccer; and their particular focus was at the state level. They were concerned about Soccer Australia, but their basic concern was the way sport was being run in their state and, particularly, how their sport was being treated. The truth is that they did not feel they had much of a say—or, indeed, any say. They were very active in seeing what they could do. I cannot speak about what is happening in other regions or elsewhere in Australia, but it would surprise me if that experience was unique.

As Mr Peters has been saying, a successful sport will involve all those constituents. People will feel that they have a say, that their views are being heard and that their concerns are being addressed. To have that, you are better to have a structure which is representative. My understanding is that that is exactly what they are working towards. Mr Peters, you might be able to answer that.

Mr Peters—Senator, I think the important thing about the Crawford report is that it did not talk about reform at just the national level; it talked about reform at the state and territory level. If it does not happen, we will not be much better off at the end of the day. A national constitution has now been put in place by ASA, and their offer of membership to the states and territories is based on the acceptance of a model constitution, where there will be some negotiation. The model constitution is about every registered soccer player, coach or referee having, at some point, a say in the management of their sport. That is the key to the structures being set up. I do not imagine that each state and territory will have exactly the same structure, but it will certainly be far more representational than it has been in the past. To use the example of New South Wales, the New South Wales government undertook a review.

They have recommended there should be 15 regions created and that they should have an input into the management of the game. They are now looking at parts of the Crawford report, where there is a women's commission set up and a futsal commission as well. So there is already a lot of change happening in a number of the states, and it is about allowing, at some stage in the process, each registered participant to have a say in the management of the game.

Senator Kemp—I think that one of the many spin-offs from the Crawford report is that it gave people a feeling that things could happen now in soccer. The energy levels which are being unleashed by that are very encouraging. We will have to see how this all pans out, but people do now feel that things can change and that they can change for the better. I think that is one of the messages that Soccer Australia, the successor companies and the new board are giving to the wider soccer public.

Senator LUNDY—Thanks. In conclusion, Mr Scott, could you pass on the committee's congratulations to Allan Hahn for his recent recognition in *BRW* as one of the very clever people in his field of physiology at the Australian Institute of Sport?

Mr Scott—Thank you, Senator. I will.

Senator LUNDY—Thank you. That is all. I will place the rest of my questions on notice.

Senator Kemp—I think that the committee might like to hear that there are a number of others associated with the Sports Commission who were also recognised—

Senator LUNDY—Indeed.

Senator Kemp—Llyall McCarthy and Glenn Brennan. We will pass those congratulations on. I think that is quite an achievement. To have people recognised like that is a great compliment to the individuals—to whom it is an outstanding compliment—and it is great for the sport that these people are coming through and we are getting these great skills. And, of course, there were many who should have been in there and who were not.

Senator LUNDY—You are quite right. And it is an excellent reflection on the work of the Institute of Sport.

CHAIR—Thank you. I would like to remind all program people that the deadline for the return of answers to questions placed on notice is the close of business on Thursday, 11 December 2003. I remind senators that the deadline for written questions to be placed on notice is lunchtime tomorrow.

Senator Kemp—We will see what we can do. I have not seen the number, but there did seem to be quite a lot of questions put on notice. We will obviously see what we can do. It is somewhat challenging but, as you know, I always give a very high priority to the needs of Senate committees.

CHAIR—We understand that, Minister. You are one of the exemplary ministers in the way you chase up questions on notice.

Senator Kemp—And you are one of the great chairs, Senator.

CHAIR—We will move on to the Environment and Heritage portfolio, but first we will take a short break.

Proceedings suspended from 4.02 p.m. to 4.08 p.m.

ENVIRONMENT AND HERITAGE PORTFOLIO**In Attendance**

Senator Troeth, Parliamentary Secretary to the Minister for Agriculture, Fisheries, Forestry and Conservation

Department of Environment and Heritage**Executive**

Mr Roger Beale, Secretary
Ms Anthea Tinney, Deputy Secretary
Dr Conall O'Connell, Deputy Secretary

Corporate Strategies Division

Mr David Anderson, First Assistant Secretary
Mr Peter Woods, Assistant Secretary, Knowledge Management Education Branch
Mr Stephen Mayes, Assistant Secretary, Finance Branch
Mr Peter Brent, Director, Financial Reporting Section, Finance Branch

Heritage Division

Mr Bruce Leaver, First Assistant Secretary, Heritage Division
Dr Barry Reville, Assistant Secretary, Heritage Assessment Branch
Ms Alison Russell-French, Assistant Secretary, Heritage Management Branch

Land, Water & Coasts Division

Dr Rhondda Dickson, Acting First Assistant Secretary
Dr Annemarie Watt, Acting Assistant Secretary, Natural Resource Management Policy Branch
Mr Theo Hooy, Acting Assistant Secretary, Coasts & Water Branch

Natural Resource Management Programmes Division

Mr Mark Tucker, Acting First Assistant Secretary
Ms Chris Schweizer, Assistant Secretary, Commonwealth Regional Natural Resource Management Team
Mr Harry Abrahams, Acting Assistant Secretary, Commonwealth Regional Natural Resource Management Team

Parks Australia Division

Mr Peter Cochrane, Director of National Parks
Mr Darren Schaeffer, Director, Business Management Section

Policy Coordination and Environment Protection Division

Mr Phillip Glyde, First Assistant Secretary
Mr Peter Burnett, Assistant Secretary, Environment Standards Branch
Mr Kevin Keeffe, Assistant Secretary, Policy Coordination Branch
Mr David Atkinson, Acting Assistant Secretary, Environment Protection Branch
Mr Graeme Marshall, Director, Clean Fuels and Vehicles Section, Environment Standards Branch
Mr Geoff Thompson, Director, Hazardous Waste Section, Environment Protection Branch

Approvals and Wildlife Division

Mr Gerard Early, First Assistant Secretary
Mr Malcolm Forbes, Assistant Secretary, Environment Assessment and Approvals Branch
Mr Mark Flanigan, Assistant Secretary, Policy and Compliance Branch
Ms Anne-Marie Delahunt, Assistant Secretary, Wildlife Conservation Branch
Mr Ian Cresswell, Assistant Secretary, Wildlife Trade and Sustainable Fisheries Branch

Great Barrier Reef Marine Park Authority

The Hon Virginia Chadwick, Chair
Mr John Tanzer, Executive Director
Mr Andrew Skeat, Executive Director
Mr John Barrett, Director, Corporate Services
Mr Michael O’Keeffe, Manager, Parliamentary and Ministerial Liaison

Australian Greenhouse Office

Mr Howard Bamsey, Chief Executive
Dr Diana Wright, Division Head, Industry Communities and Energy Division
Mr Gerry Morvell, Branch Head, Energy Futures Branch
Mr Ian Carruthers, Division Head, International, Land and Analysis Division
Mr Brett Janissen, Acting Branch Manager, Industry and Markets Branch
Ms Jo Mummery, Branch Head, Land Management and Science Branch
Mr James Shevlin, Branch Manager, Built Environment and Communities Branch
Mr Greg Terrill, Branch Manager, International and Strategies Branch
Mr David Clarkson, Manager, Corporate
Mr Mark McGovern, Finance Manager
Mr Chris Baker, Technological Adviser, Energy Futures Branch

National Oceans Office

Mr Max Kitchell, Director
Mr Sean Sullivan, Deputy Director

CHAIR—I welcome the Hon. Judith Troeth, Parliamentary Secretary to the Minister for Agriculture, Fisheries, Forestry and Conservation who, pending the arrival of Senator Ian Macdonald, is representing the Minister for the Environment and Heritage, the Hon. Dr David Kemp. I also welcome Mr Roger Beale and the portfolio officers who are appearing today. Do you wish to make an opening comment of any sort, Senator Troeth or Mr Beale?

Senator Troeth—I do not, but I understand Mr Beale does.

Mr Beale—I have a statement that relates specifically to the department. I notice that we are starting with some of the independent agencies, but you might want to get the very brief statement out of the way first.

CHAIR—Please proceed.

Mr Beale—This statement deals with the 2002-03 financial performance and budget variances. The annual report reviews the department’s performance for each outcome and sets out its actual financial performance against the 2002-03 budget. With respect to administered funds, as I forecast at the last hearing, the Natural Heritage Trust achieved the budgeted

spending target—\$249.94 million against a budget of \$250 million. As I also indicated at the last hearing, the NHT is reaching a mature stage as a program and financial forecasting and control is more predictably achieved. The 2002-03 outcome follows a similar level of accuracy in budgeting and expenditure control in 2001-02, and I am confident that the budgeted funds will be fully expended in 2003-04.

With respect to departmental funds, the Bureau of Meteorology, as I informed the committee during the budget hearing in May, became a prescribed agency on 12 September 2002. Thus it became a separate reporting entity from the department. The bureau's financial activities prior to prescription, however, still formed part of the department's financial statement for the whole year. These are published in the 2002-03 annual report from page 340 onwards. The department's aggregated operating revenues for the year of \$337 million exceeded its aggregated operating expenses of \$308 million, producing a net surplus of \$29 million. The apparent growth in net revenues flowed from the recognition of a range of existing assets for the first time for the Australian Antarctic Division and the Bureau of Meteorology. This is part of the transition to accrual accounting. These assets will now attract a provision for depreciation. There is a brief outline of the financial performance at page 136 of the annual report.

The environment outcome recorded a net deficit of \$6 million, which had been agreed with the Department of Finance and Administration and which enabled this department to meet expenditure commitments that had been entered into in earlier years but where the actual outlays had been later than initially budgeted. In short, the net surplus reflects neither underspending of program funds in the Bureau of Meteorology or the Antarctic Division nor, in relation to the environmental outlay, a failure to control expenditure. There are no other significant variations from budgeted outcomes.

With regard to transparency statements, I would like to draw the committee's attention to errors in the resource table on page 114 of the annual report. The final column in the table headed 'Budget 2003-04' does not include all sources of revenue and the overall outcome is understated by \$19.1 million. An incorrect figure is also shown at the bottom of the table for the aggregate staffing level. The correct figures relating to 2003-04 for the environment outcome are as published in the portfolio budget statements at page 47. These transcription errors will be rectified through a corrigendum to the annual report. I will provide a replacement table for the benefit of the committee.

Finally, in the interests of full transparency I would like to draw the committee's attention to the reversal of appropriations made in error to the Natural Heritage Trust account over some years, as set out on page 377 of the report. Over some years it had been the understanding of this department, the Department of Finance and Administration and the certifying officers of the Australian National Audit Office that to give effect to the objectives of the Natural Heritage Trust act it was necessary annually to appropriate the relevant funds. A recent audit of special accounts has revealed that these funds were in fact automatically appropriated by direct operation of the Natural Heritage Trust act. On the advice of the Australian Government Solicitor and based on further independent advice provided by an external legal adviser to the Auditor-General, and with the agreement of the Department of Finance and Administration and the Auditor-General, a correcting adjustment has been

included in these accounts to reverse the mistaken duplication of appropriations. There is no effect on program expenditures from the trust. With your leave, Chair, it might be helpful for the committee if I were to table this statement and the corrected table for the annual report.

CHAIR—You have leave to do that, Mr Beale.

[4.15 p.m.]

National Oceans Office

CHAIR—Before we move to examination of the National Oceans Office, there are a few comments I would like to make. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. I remind officers that they will not be asked to express an opinion on matters of policy and shall be given reasonable opportunity to refer questions asked of them to superior officers or to a minister.

Witnesses are reminded that evidence given to the committee is protected by parliamentary privilege and that the giving of false or misleading evidence to the committee may constitute a contempt of the Senate. These are supplementary estimates and the agencies heard during these estimates are only those which have been nominated by various senators. The committee has set a deadline for the return of answers to questions placed on notice as the close of business on Thursday, 11 December 2003. It reminds senators that the deadline for written questions to be placed on notice is by lunchtime this Wednesday—that is tomorrow, 5 November. I will call the agencies in accordance with the agenda, and request that the National Oceans Office now appear before the committee. With that I hand over to Senator Wong.

Senator WONG—I have some questions in relation to the south-east regional marine management plan. Submissions in relation to that plan closed when?

Mr Kitchell—The submissions will close on 14 November.

Senator WONG—And the final plan is due by when?

Mr Kitchell—At the moment the ministerial board are looking at what the final date would be. They have had a number of submissions and representations made to them by stakeholder groups indicating that it would be useful for those stakeholders to have a little more time than was originally proposed. The ministerial board are predisposed to being sympathetic to those representations but there has been no announcement yet about the date for finalisation.

Senator WONG—The *Australian* reported on 19 July that the final plan was due by the end of December. Was that inaccurate?

Mr Kitchell—It might have been accurate at the time the *Australian* reported it but, as I say, there have been representations made by the vast majority of the key stakeholders that we push the date out a little.

Senator WONG—A little, did you say?

Mr Kitchell—Yes, a little.

Senator WONG—Not December; so January, February, March—when will it be?

Mr Kitchell—I would not like to pre-empt the minister.

Senator WONG—Has there been a time line the department is working to in order to finalise the plan, Mr Kitchell?

Mr Kitchell—We have an indication of the time line but, as I said, I would not like to pre-empt any announcements that our minister might want to make about this.

Senator WONG—You say you have had a number of responses or submissions in relation to the draft plan. I note that a number of environment groups have raised some concerns, at least publicly. That is correct, isn't it?

Mr Kitchell—I have not seen that there has been a great concern raised publicly.

Senator WONG—I thought the ACF's view was that the plan did not go far enough in respect of each specific marine ecosystem. You are not aware of that?

Mr Kitchell—Yes, but I thought you were talking about concern about the time lines as opposed to the content of the plan.

Senator WONG—No, I meant concern about the content of the plan. I am sorry if I did not make that clear.

Mr Kitchell—Yes, I am aware that various groups would have preferred that it had a different content in certain areas.

Senator WONG—But the petroleum and fishing industries are quite pleased with the content of the plan?

Mr Kitchell—I think you would have to ask the petroleum and fishing industries about that.

Senator WONG—Have they indicated in the submission any significant concerns with the plan?

Mr Kitchell—Each of the groups that you have referred to is represented around the National Oceans Advisory Group table. In their discussions of the draft plan, there have been vigorous comments from each of the groups that you have mentioned. It would be fair to say that none of them would be totally supportive of everything that is in the draft plan. When you are trying to balance a range of interests, it is not surprising that you do not please 100 per cent of the people 100 per cent of the time.

Senator WONG—So what are the next steps in relation to the plan? What happens now?

Mr Kitchell—In a formal sense, we will be reviewing each of the submissions as they come in. As I indicated, there is still another week or so to go before the cut-off date for those submissions. There are certain activities that the plan indicates we will be doing between now and the final report. We will be undertaking those and putting recommendations through a draft of a final report which will have the involvement of the key stakeholders and key advisory groups but, ultimately, the plan will be endorsed by the five-member National Oceans Ministerial Board.

Senator WONG—Is there a date set for the proposed plan to be considered by the ministers?

Mr Kitchell—The minister has not yet announced the date for the finalisation but, as I say, any extension beyond December will not be a significant extension in time.

Senator WONG—The northern regional management plan—is there anything on the relevant web site in relation to that?

Mr Kitchell—We have released a so-called snapshot of the northern region and that has been published in hard copy and loaded on the web site.

Senator WONG—Does the snapshot specify the process for the formulation of the plan?

Mr Kitchell—It is more about what is in the region, what are the values within the region—the things that we will be considering in formulating the plan. It does not have an outline of the process that we will be adopting.

Senator WONG—How are the public and stakeholders made aware of the process?

Mr Kitchell—Through our consultative process, which is similar to the one for the south-east—that is, there is a formal advisory group, which contains all of the key stakeholder groups. We have been in the north. We have staff permanently stationed both in Darwin and Cairns and we have been through a range of consultative processes with the community, the state agencies and, in particular and most recently, the Indigenous communities.

Senator WONG—In February in answer to a question on notice, we were advised that there was a scoping study in respect of the northern regional marine plan and that the finalisation of that scoping phase was anticipated by the end of 2003. Are you on track to meet that?

Mr Kitchell—It is more likely that we will finalise the scoping paper in March. We are hopeful of having an agreed scoping paper with the Queensland and Northern Territory governments, so we are willing to take a little longer to get that measure of agreement than go ahead with it unilaterally in the time line that you have outlined.

Senator WONG—Are you anticipating a two-year planning process after the scoping study has been released?

Mr Kitchell—I think we can be more ambitious than that. I am thinking of having the plan finalised by the end of next calendar year.

Senator WONG—The draft plan?

Mr Kitchell—No, the final plan.

Senator WONG—Good luck, Mr Kitchell.

Mr Kitchell—Thank you.

Senator WONG—Are all the programs that you administer disaggregated in the budget papers?

Mr Kitchell—They are disaggregated in two suboutcomes: regional and marine planning and oceans policy.

Senator WONG—Please take on notice to provide a list of all the programs that you are currently administering, the funding allocation for each of those programs for 2002-03 and 2003-04, the actual expenditure and the expenditure to date by program.

Mr Kitchell—The expenditure to date for this year that we are in?

Senator WONG—Yes.

Mr Kitchell—Could I seek clarification about what you want us to interpret as a program?

Senator WONG—As I understand it, your outcomes may be met by funding sources from a number of programs. Is that not correct? So your disaggregation by outcome may involve expenditure across a number of programs. Do I misunderstand that?

Mr Kitchell—I think it is all under the one program—

Senator WONG—That is what I am saying.

Mr Kitchell—Almost all of our allocation comes from the appropriation, so we have essentially no funds other than the appropriation.

Senator WONG—What I would like is the disaggregation into program expenditure that you administer. Is Mr Beale nodding?

Mr Beale—That was a separate nod.

Senator WONG—Can you not provide that, Mr Kitchell?

Mr Kitchell—I want to provide what you are asking for, not what we interpret you to be asking for. That is why I am seeking clarity from you, Senator, as to what you mean by ‘program’. There is a definition of ‘program’ within the budget structure, but that is clearly not what you are after. I think you want something which is at a higher level of disaggregation than subprogram, which is how the budget papers are presented for us at the moment.

Senator WONG—That is correct.

Mr Kitchell—It may be that you are talking about something that is at a project level for us.

Senator WONG—I am sorry. I used the term ‘program’. Perhaps ‘project’ would be better.

Mr Kitchell—So you meant project. We will do that.

[4.28 p.m.]

Great Barrier Reef Marine Park Authority

Senator McLUCAS—Could you give the committee an update on where we are with the Representative Areas Program? Could you give us an indication of the time lines ending with presentation to parliament, which I think might be useful?

Ms Chadwick—Thank you for the question. This is indeed a busy time for the authority. We have been through our two rounds of consultation. In fact, we have spent the last few weeks talking to some of the key stakeholder groups in the hope of further interpreting and fleshing out some of the issues that they have raised in submissions. We have just about completed that. I am anticipating that we will hold a marine park authority board meeting towards the end of November. If the board of the authority accepts the plan that we will be presenting to them, I will then be in a position to present that plan to the minister as per our legislation. The legislation, as you are probably well aware, then says that the minister can consider the plan and make suggestions, which means it then goes back to the board. He should have that plan towards the end of November. If there are to be further changes, the

time line will move further out. If there are to be no significant changes—in other words, if we have done our work properly—we may have a plan in parliament before the end of the year.

Senator McLUCAS—In the December sitting fortnight, I suppose?

Ms Chadwick—I do not believe the House needs to be sitting to table a plan, but it will be sometime towards the end of the year.

Senator McLUCAS—You said that you were meeting with stakeholder groups. Who is on the list of stakeholder groups you were going to meet with as part of this phase?

Ms Chadwick—In this phase we clearly have not been back to the 21,000 people who made submissions during the last formal round of consultations. The groups or individuals we have been talking to represent branches and state representatives of the recreational and commercial fishermen from your geographic area of interest, Senator; the game fishers association; the collectors, such as Lyle Squires up in Cairns; the mayor of Cairns; the federal member up there; and a whole range of people. Clearly, with the high population and the mixed use of an area like Cairns, there have been a number of people to talk with. That intensity has not necessarily been replicated along the coast, but it is an indication of who we have been talking to.

Senator McLUCAS—Senator Macdonald?

Ms Chadwick—We have indeed been talking with him—obviously, given his ministerial interests. Even though there are no Commonwealth fisheries in the Great Barrier Reef Marine Park, he has taken a keen interest in the matter. He is also a keen recreational fisher; so he has taken an interest from their perspective also.

Senator McLUCAS—I would like to get onto that list.

Ms Chadwick—I would include you in that, but I was not aware that you were a keen recreational fisher.

Senator McLUCAS—Pardon me; my interest is more broad. I am just interested that you met with the mayor of Cairns and the federal member but not the Cairns based senator.

Ms Chadwick—The reality is that the Mayor of Cairns, Mayor Byrne, acted as something of a central focal point to represent the views of recreational fishers and indeed the game fishers as well. Because the submission that came in from Cairns council represented, from memory, the views of several thousand people who had put their signature to it, it seemed a polite thing to go back and talk to him about some of the matters that had been raised in that very significant submission.

Senator McLUCAS—That is not really the question I asked, but I think the point is made.

Ms Chadwick—Senator, I would be delighted to come and talk to you about the progress of the plan.

Senator McLUCAS—We have been through round 1 of consultations and there was a draft plan and there has been an amendment—I understand quite a significant amendment, from a number of those stakeholder groups who have spoken to me. What was the purpose of

that second round of stakeholder meetings? What did you say to stakeholders when you sat down and spoke with them?

Ms Chadwick—That this was in fact to clarify a number of the issues that had been brought up in the submissions and in the more informal community meetings that we have had, which were very much part of the second round of consultations. In some cases it was seeking clarification of just what they had been trying to put forward. In other areas where there were conflicting but strong submissions, we were in fact seeking some idea about whether there was middle ground which would be suitable to all.

Senator McLUCAS—I understand the plan as it sits now is quite considerably different from the plan that was published.

Ms Chadwick—I do not know that you would call it significantly different. In terms of percentages we are still looking about the same. In terms of the biophysical principles, we have certainly maintained those. So, while some of the shapes, I guess, in broad terms may have been tweaked or amended, I can give you an assurance that the biophysical principles, including the percentage per bioregion, have been maintained.

Senator McLUCAS—And that is 30 per cent?

Ms Chadwick—It will be around 30 per cent—should the board accept that plan and should of course the parliament accept the plan.

Senator McLUCAS—I recognise that the principles may not have changed, but the boundaries certainly, from the advice I have been given, have.

Ms Chadwick—Some of the boundaries have changed. Some of the boundaries have been changed to achieve what I believe to be a better conservation outcome. Again, that has involved having a clearer, harder, more intense look at some of the submissions and seeing those mounting conservation arguments. Some other boundaries have been changed where we have been able to achieve the same conservation benefit but with a less negative impact on commercial or recreational users. We have said all along that if we can achieve the maintenance of the biophysical principles and a good conservation outcome with less negative impact then all the better.

Senator McLUCAS—You did not have the environment sector in that list of stakeholders that are having that round.

Ms Chadwick—Yes, indeed.

Senator McLUCAS—Pardon me, then. I did not write it down. You have often said here and in a range of places that it is not the role of the Great Barrier Reef Marine Park Authority to manage fisheries. I think a lot of people would agree that that is an appropriate principle. I want to go to the question of the increased number of yellow zones. Given that I have not seen the amended mapping—I am asking questions that I have only been given part information about—I have been told that there is an increase in the area of yellow zones and the area of dark blue zones. Can you advise me of whether in fact that is true?

Ms Chadwick—I cannot at this stage tell you down to the last decimal point, but in terms of yellow, or conservation, zones if you look at the draft plan you will see that there was an increase from a little under one per cent to about 1½ per cent. I would be the first to concede

that, given that a number of those are close to the shore, their impact is somewhat disproportionate to the fairly modest increase. However, both with the yellow zones and the dark blue zones there is, in fact, a strong conservation argument. I well concede that there are some in the community who regard this as fisheries management, but indeed if one is looking at a habitat type or a bioregion then there is more in that bioregion than just fish. It could well be that in a yellow zone by taking out such things as trawling, for example, one is in fact achieving a good conservation outcome because it may well be an area of seagrass, a turtle foraging habitat or a strong dugong area. I well concede that, if one were a commercial fisherman, one may well mount an argument and say, 'I have been excluded,' or 'My rights have been diminished,' and, hence, 'I would perceive this as fisheries management.' On the other hand, the way we have approached this is not from a fisheries management perspective but from a conservation perspective, and I would be prepared to stand and argue the case for each and every yellow zone that has been increased there and each and every dark blue zone.

Senator McLUCAS—I am advised—and, once again, I have not seen this—that the reason for zoning Egret Reef, near Cooktown, was that it was important for the recreational fishery. How does that fit with what you have just said?

Ms Chadwick—I would have to take Egret Reef on notice, mainly because, as you very well know, there are 2,900 reefs that I know of—and, believe it or not, in this consultation fishermen told us that they had found more reefs than we had, so I suspect we are up around 3,000 now. I am happy to take that on notice and provide the justification.

Senator McLUCAS—Does Mr Skeat have further information?

Mr Skeat—Egret Reef is not something that I know about off the top of my head.

Senator McLUCAS—It is minutiae. Just to finalise that question on fisheries, there is a view held that the changed zoning will have an impact on the inshore fishery. I think that is generally accepted. Does GBRMPA have advice to government about whether or not there should be an acknowledgement of that impact on the inshore fishery? The reef fishery is quite separate and has been dealt with. Has advice been given to government about the impact of the changed zoning on the inshore fishery?

Ms Chadwick—If I may, I will answer that question in two parts. In the first part, I think you are correct to say that those who are very small operators in small vessels, highly localised, certainly do perceive that they will be, in some cases, disadvantaged by the draft zoning plan. That having been said, it should also be recognised that most of those inshore activities—largely netting and crabbing—occur in the intertidal zone and in the estuaries, which are not part of the Great Barrier Reef Marine Park. They form part of the state of Queensland. Part of the fear of these fishers is, in fact, that Queensland may in time introduce complementary zoning and hence have a greater impact on their activities than will occur through the draft zoning plan per se. That is one important factor to consider.

The second aspect of your question was: has GBRMPA been so bold as to provide advice to our minister on whether some form of adjustment should be considered? Of course we will provide advice to our minister on what we think the impacts of the proposed zoning plan may be, but it is a matter for government to decide whether, in fact, there is any form of

recompense or adjustment. I must say that is an issue bigger than GBRMPA, and I would not be so bold as to presume to tell the minister or the government what they should do.

Senator McLUCAS—I understand that GBRMPA commissioned a socioeconomic impact study by Southern Cross University some time ago. Did that throw up any advice to GBRMPA about what the effect of the zoning process that you are going through might be?

Ms Chadwick—Indeed. It would be quite remiss of us to blithely decide on a zoning plan without having some understanding of what the consequences of our proposed actions may be. For some months now, there has been work being undertaken by a consultant associated with Southern Cross University. That report is on the draft zoning plan, because it has been an iterative process—a bit of a work in progress. It is our hope that, as the final plan becomes clearer, the methodology that was established in that study can be utilised to put the different figures in so that we do have a perspective. You are probably aware that pure collaborative action involving GBRMPA and Minister Truss's and Minister Macdonald's portfolio, the BRS, is similarly undertaking an assessment on the effect on fisheries. The Bureau of Tourism Research are also looking at a study from their perspective. Quite independently, the commercial fishers have had Professor Tor Hundloe undertaking a study. I have no doubt that all of these—certainly, the BTR work, the BRS work and the Southern Cross work—will be put together as advice to our minister and to government for them to consider what, if any, response there is in adjustment terms.

Senator McLUCAS—Has the Southern Cross piece of work been completed?

Ms Chadwick—The work has been completed as per the draft zoning plan.

Senator McLUCAS—Are you going to publish that document?

Ms Chadwick—With great respect, Senator, there is little point in publishing that. The world has moved considerably since the draft zoning plan, as you yourself alluded to in your earlier questions.

Senator McLUCAS—But the point you made is that the methodology would remain the same, so surely people could extrapolate that methodology, given that the principles are the same. We are looking at about 30 per cent and the boundaries will be different—although not terribly different, I think you said earlier. Wouldn't it be useful for that document to be published?

Ms Chadwick—I do not necessarily believe so and, in any event, there has been a decision made that there will be a government response that involves BRS, BTR and the Southern Cross work joined up. As you know, we have to have a regulatory impact statement to accompany the zoning plan when it is tabled in parliament and, obviously, the RIS will be well and truly informed by all of those studies I have mentioned.

Senator McLUCAS—Have any parts of the Southern Cross analysis been published?

Ms Chadwick—No, certainly not by me. Sorry, that was a frivolous answer.

Senator McLUCAS—But telling.

Ms Chadwick—No, it has not been released.

Senator McLUCAS—I think you would agree that there is some concern in the community that there are documents and reports that have been written and have been commissioned that have not been made available to the broader debate, and that that in itself is causing some consternation that could be avoided if these documents were published.

Ms Chadwick—That may well be the case. Equally, the publication of the Hand report at this stage, when we are quite close to a final zoning plan and when the Southern Cross report basically refers to the draft zoning plan, could well add to the confusion.

Senator McLUCAS—How much did the Southern Cross report cost?

Ms Chadwick—I do not immediately know but, like most things in GBRMPA, a modest amount. I will certainly take that on notice and let you know.

Senator McLUCAS—The two reports that are being done by rural sciences and tourism, they are paying for them?

Ms Chadwick—I would certainly hope so.

Senator McLUCAS—Good. I would like to know the cost of that in good time.

Ms Chadwick—I have just been advised we are paying for the Bureau of Tourism Research study—I did not realise we were so well-off—and it cost \$19,100.

Senator McLUCAS—How was the decision made for GBRMPA to pay for that?

Ms Chadwick—I suppose it is just because we are lovely people who wanted to have as much detail available as possible to inform the debate.

Senator McLUCAS—But you are certainly not rolling in money.

Ms Chadwick—No, and we are obviously rolling in \$19,100 less than I had previously imagined.

Senator McLUCAS—I am sorry; I do need to know how it is that the decision was made that GBRMPA was going to pay that and not the Bureau of Rural Sciences.

Ms Chadwick—It was never an issue for BRS to pay for that. BRS is doing—

Senator McLUCAS—That is not the question; the question is why. Why does GBRMPA pay for the tourism one but not the fisheries one?

Ms Chadwick—Because it was the keen desire of Minister Truss for BRS to be involved; it is part of his portfolio and he is happy to pay.

Senator McLUCAS—And we had to find the money to pay for the alternative?

Ms Chadwick—I beg your pardon?

Senator McLUCAS—When those two reports are completed, do you know whether those documents will be published?

Ms Chadwick—I cannot give you any assurance that those documents will be published, because in many ways I have no control over whether they are published or not—particularly the BRS report to their minister. As I say, I am not particularly wedded to publishing the Southern Cross University report, because, at this stage, it is a report on a draft zoning plan whose time has long since past.

Senator McLUCAS—But we can publish the tourism one.

Ms Chadwick—I can assure you that all of those reports will be informing the regulatory impact statement—which, given the nature of the plan, will be a substantial RIS and, as is right and proper, will be there for the world to see and analyse.

Senator McLUCAS—Thank you. That is all I needed to ask on the representative areas program. I have a couple of updating questions. Thank you for the detail in question 12 on visitation numbers, which we now have to June 2003. Could I have an update through to the end of the last month, please? On notice is fine.

Ms Chadwick—Yes. Mr Barrett would be delighted to prepare that.

Senator McLUCAS—Question 14 was around staffing. Could I also have an update at the end of September on the current staffing, with the same data you provided, please? I turn to crown-of-thorns starfish money: I understand there has been a commitment by the Commonwealth to support the work of AMPTO on crown-of-thorns starfish. GBRMPA had to pay a half of the commitment last time. I want to confirm that you do not have to pay this time.

Ms Chadwick—I am delighted to report that, dedicated though I am to the protection of tourism sites, GBRMPA is not paying this time.

Senator McLUCAS—That is good news. There has been an application by Sunlover Cruises for a mooring off Cairns.

Ms Chadwick—This is the pontoon?

Senator McLUCAS—This includes pontoons with wedding chapels, coffee shops under water and various other delightful components. Can you tell me the status of those applications?

Ms Chadwick—I could, but the person who can advise you even better is Andrew Skeat. As I understand it, there have been a number of modifications to the pontoon. While you clearly were delighted with the wedding chapels and some of the other elements that were originally proposed, sadly I must report to you that they are adjusting the design now to a much simpler format.

Mr Skeat—The situation at the moment is that we have received public comments. There have been 105 public comments on the PER that was made available. The proponent is currently considering those public comments, as are we. At this stage consideration is being given to a supplementary PER.

Senator McLUCAS—Will that supplementary PER go through the same public comment process?

Mr Skeat—The supplementary PER will be put out again, yes.

Senator McLUCAS—So it retriggers the same process, with the same number of days et cetera?

Mr Skeat—I would not like to answer you explicitly on that issue. I do not have that to hand. Somebody from the department might be able to assist us.

Ms Chadwick—We are happy to take that on notice. Between DEH and ourselves we will provide an answer.

Senator McLUCAS—Thank you. I need to know if a supplementary PER has been received and, if so, what chain of events will occur subsequent to that.

Mr Skeat—Certainly.

Senator McLUCAS—Is the area of the proposed change—the actual size of the pontoon—still the same as in the original application?

Mr Skeat—The size of the pontoon and the general approach has changed. I would not like to say it has changed significantly, but it has certainly changed in the course of the development of the proposal. We would expect the proponent to make further modification on the basis of the public comments. The actual location of the pontoon has not changed significantly.

Senator McLUCAS—Thank you. We have been advised that the issue of GST on the environment management charge is ‘resolved’. What has changed or what will change in the legislation that you are managing in terms of the GST? How does it affect the operations of the Great Barrier Reef Marine Park Authority?

Mr Barrett—The arrangements for GBRMPA will not change at all in terms of the income we receive from operators or the logbooks the operators provide us with. There will be a requirement to change our legislation to change the onus of payment of the EMC from being on the tourist operator or the holder of the permission as it currently stands to being a charge on the individual tourist. So that is the requirement to change our legislation. We are currently proposing those amendments and getting the work done to put those amendments in place.

Senator McLUCAS—What does that mean for collection of the GST?

Mr Barrett—Because the charge will still be exempt under the Treasurer’s determination, there will be no GST on the charge to individual tourists or on other charges the operators pay that do not relate to an individual.

Senator McLUCAS—So that triggers an exemption?

Mr Barrett—Yes. That will be maintained.

Senator McLUCAS—Have any operators requested any of the money back that they would have remitted to you to this point?

Mr Barrett—Operators should not have been sending us money for the GST and the EMC. They should only be remitting EMC requirements to us. The tax office, in the advice that they sent to operators in July, indicated that they would be seeking no adjustments to business activity statements that operators might have provided prior to 1 September 2003.

Senator McLUCAS—Thank you. Finally, I have a question about the work that the Great Barrier Reef Marine Park Authority is doing on climate change, especially the impact on coral bleaching. There was an article in *Science* magazine in August that confirmed there was a link between climate change and coral bleaching. Does the authority have a view on the debate that I think is now concluding on this matter?

Ms Chadwick—I think the issue that you are referring to is a matter that was raised with me recently, where a quotation attributed—correctly attributed—to GBRMPA suggested that there was no view in the community about a link between climate change and coral bleaching. Having checked the matter out, I found that the quote referred to was from a 1998 state of the reef report. Obviously, world knowledge and our view of the matter have moved on since then. I do not pretend to be a climatologist, and neither, frankly, does anybody at GBRMPA claim that, but increasingly there appears to be a strong world view that there is a link. In view of that, what we at the marine park authority have done is establish a specialist position within the marine park authority which, as you know, given our small staff and modest budget, is quite a significant initiative for us.

That person, as much as anything else, is developing linkages and networks across the world, particularly with NOAA in the United States, for example, where he has just spent three months, and with colleagues at the Greenhouse Office, in the hope that we can utilise the knowledge that is generated by AGO and elsewhere in the world and then apply it in terms of bleaching events in the Great Barrier Reef. You would be aware that, the summer before last, not only did we have the worst coral-bleaching event on record but even now, as we monitor the recovery, we believe that anything up to five per cent of coral still has not recovered. So it is an issue that we take very seriously indeed. I am wondering whether there is anything else Mr Skeat wants to add, because it is his area.

Mr Skeat—I am not sure that we need to add too much other than that we are taking the issue very seriously—we do see it as a significant issue for the Great Barrier Reef. At this stage we are closely monitoring sea temperatures and there is no indication of elevated sea temperature this season.

Senator McLUCAS—There is no indication at all?

Mr Skeat—At this stage there is no indication.

Senator McLUCAS—That is good news. Ms Chadwick, you said that a quote from a very old state of the reef report had appeared in a newspaper. Was that newspaper the Mackay *Daily Mercury*?

Ms Chadwick—I do not recall, but it was very recent. It was raised with me that there had been a media report, and I was asked whether that was truly the view of the Marine Park Authority. I do not know which newspaper it was, but I could find out for you.

Senator McLUCAS—Do not worry about doing so. I know that you do not provide unsolicited advice to government, but has the authority provided advice to government about the impact of climate change on the status of coral bleaching in particular and on the quality of the reef in general?

Ms Chadwick—While the advice we give our minister is between the authority and the minister, I think it is fair to say that, particularly at the time of the massive bleaching, it would have been quite remiss of us not to have briefed our minister on that matter. I know it is a matter that he takes very seriously also.

Senator McLUCAS—That is all I have for the authority. Thank you very much.

ACTING CHAIR (Senator Tchen)—I thank the officers of the Great Barrier Reef Marine Park Authority.

[5.02 p.m.]

Australian Greenhouse Office

ACTING CHAIR—I welcome officers from the Australian Greenhouse Office.

Senator WONG—First I will ask what I asked of the Oceans Office. On notice, please supply me with a list of all the programs that your agency administers. Perhaps to explain it, I would ask you to look at the ministerial statement for 2002-03 and the various programs specified in there, estimated and a history of actual expenditure. They have been aggregated in the current papers into, I think, only four income areas.

Mr McGovern—It is only three.

Senator WONG—Is that correct? I am glad that I have understood this. In respect of all the program areas—or are they called ‘administered items’? What is the correct term for them?

Mr McGovern—They are programs; there are a couple of administered and a couple of departmental.

Senator WONG—Thank you. Please provide me with the following information: the funding allocation to each of these programs for 2003-04, assuming that 2002-03 is per the ministerial statement—and, if it varies from that, please provide that also. I would also like the actual expenditure spent on each of those programs for 2002-03 and 2003-04 to date. Obviously 2003-04 is only to date.

Mr Bamsey—We will do that.

Senator WONG—I have some questions regarding the Photovoltaic Rebate Program. I think we discussed this at the last estimates. As I understand it, a cap was put in place in relation to this program in February of this year. Is that right?

Mr Bamsey—Mr Morvell will answer questions on this matter.

Mr Morvell—It was not capped as such; the funds that were allocated for the financial year were exhausted in February this year.

Senator WONG—Did you then also change the way in which the rebate was structured as a result of the funds being exhausted for future applications?

Mr Morvell—In the budget of May the government announced that they would continue the program for a two-year period and that they changed the level of the rebate from \$5 a watt to \$4 a watt.

Senator WONG—And from \$7,500 to \$4,000 per installation.

Mr Morvell—Yes, \$4,000 as a maximum limit. The intent of that was to ensure that more people installing systems will have access to some level of rebate.

Senator WONG—My recollection about this program is that it was announced in 2000 by the then minister, Senator Hill, and that the original funding commitment was intended as \$31 million over four years. Is that correct?

Mr Morvell—That is correct, and it was announced in 1999 as part of the MBE package.

Senator WONG—Yes, the GST deal. Can you remind me what was spent in this program in the financial years since its announcement?

Mr Morvell—The actual expenditure in each of those financial years was: in 1999-2000, \$6.387 million; in 2000-01, \$11.117 million; in 2001-02, \$5.549 million; in 2002-03, \$7.558 million.

Senator WONG—And the allocation for 2003-04?

Mr Morvell—That is \$5.761 million.

Senator WONG—Was the \$31 million that was announced fully spent by February 2003?

Mr Morvell—The allocation in this financial year was used to pay for rebates applied for in the last financial year, so I just want to confer with my colleague about whether or not we have doubled up on the estimate for this year.

Senator WONG—That is what I was going to ask. Doesn't the \$7.5 million for 2002-03 include some funding, of approximately \$2 million, which relates to moneys that were spent in this financial year in relation to applications that were previously received?

Mr McGovern—That is correct, and that is an accounting issue in that they were expensed last financial year and the payment will be made early this financial year.

Senator WONG—So—as I am not an accountant—the actual expenditure to February 2003 would therefore be around \$5 million at the time it was capped?

Mr Morvell—That would be correct.

Senator WONG—So at the time that the program was capped by the government there was in fact just over \$2 million left of the original \$31 million commitment? This is very rough arithmetic, but I think that is correct.

Mr McGovern—That is the ballpark figure.

Senator WONG—And that \$2 million carried forward from the original commitment has been included in that figure of \$5.7 million that you have given me, Mr Morvell, hasn't it?

Mr McGovern—It will come out of that.

Senator WONG—In other words, the actual new funding is only \$3.6 million?

Mr McGovern—That is correct.

Senator WONG—So the new money for the program is in fact only \$3.6 million, not \$5.7 million as was previously announced.

Mr McGovern—That is correct.

Senator WONG—I think we have agreed that the value of the applications which were queued up between the implementation of the cap and the end of the financial year is about \$2½ million—is that right?

Mr Morvell—Approximately that figure, yes. I do not have the exact figure, but that would be in the ballpark.

Senator WONG—So, of the \$3.5 million, or thereabouts, available for new applications, how much money is actually spent on administering the program?

Mr Morvell—The administrative costs by the AGO are \$334,000, and the states, who administer this scheme on behalf of the Commonwealth, charge an administrative fee for doing that. I do not have that exact figure with me. My memory, which is pretty rough, is that the order of magnitude is half a million dollars in total. I would prefer to confirm that.

Senator WONG—Could you take that on notice? Before we move on, are you able to give me the value of applications that were in the queue as a result of the cap between February and June 2003?

Mr Morvell—I do not have the exact figure. We would have to take that on notice, but the order of magnitude is over \$2 million worth of applicants, all of whom received the rebate at the level that was set.

Senator WONG—The reduced level?

Mr Morvell—No. If they had applied prior to the budget decision, they received the rebate at the old rate.

Senator WONG—So they had a period of grace. The states charge the government about half a million dollars and your administrative costs are about \$334,000—that is about \$800,000-odd. So the actual amount available for new applications in this financial year is \$1.7 million—or less, in fact.

Mr McGovern—It is \$2.7 million.

Senator WONG—It is \$5.7 million less about \$2 million?

Mr Morvell—Yes.

Senator WONG—You say that \$2.7 million is available to new applications in this financial year. How many applications have you received for this financial year thus far in value terms?

Mr Morvell—Because we do not administer the scheme—it is run by the states—I do not have the exact figures.

Senator WONG—You must have them.

Mr Morvell—I can tell you that we are installing at the rate of approximately 75 systems per month, and that has been consistent since May of this year. So the last five months—

Senator WONG—Do none of your staff have available figures for at least some of the period since 30 June in terms of values of applications granted?

Mr Morvell—No, because the states administer the scheme. We only get the summaries of the outlays so that we can reimburse the states for the amount of the rebates.

Senator WONG—What are the outlays then?

Mr Morvell—I do not have that figure with me. I will have to take that on notice.

Senator WONG—Would you know how much money you have left in the scheme this financial year?

Mr Morvell—We can get some figures for you by ringing back to the office and come back to this, if you like; otherwise I will have to take that on notice. I do not have the exact figures with me.

Senator WONG—I would appreciate it if you could and perhaps we could come back to it. Chair, I would prefer to have those figures before going on to questions.

ACTING CHAIR (Senator Tchen)—Can you go on to some other questions or are they in sequence?

Senator WONG—I will come back to the PRP.

Mr Morvell—Do you have any other specific questions? It might be useful to obtain the information from the office.

Senator WONG—I would like to know how much has been approved thus far this financial year and how much is therefore left in terms of the allocation we have discussed. Also, do you have any figures relating to income the government has received from the sale of solar PV panels since the introduction of the GST?

Mr Morvell—No, that is not a matter for us.

Senator WONG—I am interested in the value of applications from schools in South Australia, the allocations to property developers and whether there are any applications pending or in the pipeline.

Mr Morvell—I can give you an answer on the last question right now. There have been no allocations to property developers. The government decided in the budget decision that they would allocate \$1 million over two years. We have been negotiating and discussing this with a number of industry representatives and the ministers are in the process of considering that and will make an announcement some time in the near future about that scheme. At present we have only been focusing the rebates on the residential component through the states.

Senator WONG—So there is some reconsideration of that previous announcement?

Mr Morvell—No. It is the detail of how that would run. In consulting with a number of developers, we ran into some issues about display villages being eligible and other things, and so we had to extend the consultation. That is a matter of just sorting out the detail before ministers make an announcement.

Senator WONG—Did the AGO, through the process either of the initial announcement or in the life of the program, do some projected impact in terms of kilowatts or megawatts that this rebate was likely to achieve?

Mr Morvell—We have an estimate of the size of the average system that goes in and, therefore, an understanding of what sort of cost would be involved. On average, the residential systems going in are a little over a kilowatt in size.

Senator WONG—Was there some analysis done by the AGO during the life of this program over the last four years at both levels, given that you have changed the basis on which the rebate is paid, as to what would be the impact in terms of how many kilowatts you were getting from the rebate? How much renewable energy were we achieving with this expenditure? Was that done by the AGO?

Mr Morvell—I was not involved when the program first started, so I cannot answer what happened prior to that. During the operation of the scheme we monitor the gross levels of rebate versus the kilowatts going in.

Senator WONG—Are you able to provide that to me?

Mr Morvell—I can provide that to you right now. Under the scheme we have installed—this is to the end of September 2003—4,544 systems. The total PV capacity of those is 5,068 kilowatts.

Senator WONG—What were the original predictions that the AGO made as to the capacity that would be generated from the rebate when the MBE was first announced?

Mr Morvell—I do not have that.

Senator WONG—Presumably, it was done?

Mr Morvell—I was not involved at the time, so I really do not—

Senator WONG—Are you able to make inquiries?

Mr Morvell—I can certainly do that and find that out. I will take that on notice.

Senator WONG—That would be useful, thank you. Mr Morvell, I would appreciate it if you could get that information, and I will come back to that. I also have some questions on emissions trading. How many staff currently work on emissions trading in the AGO?

Mr Bamsey—There are no staff working on emissions trading at present.

Senator WONG—Was there previously an emissions trading team within the AGO?

Mr Bamsey—There was a team working on market development issues. Over the last few years they have produced a number of discussion papers on emissions trading.

Senator WONG—How many people were there working on emissions trading previously?

Mr Bamsey—I am not sure of that. It would have varied from time to time.

Senator WONG—We know that you have none now.

Mr Bamsey—Approximately four people.

Senator WONG—Have they left since Minister David Kemp has taken over the portfolio?

Mr Bamsey—I understand two of the market development team have left in the last 18 months or so.

Senator WONG—Is that since Minister David Kemp took over?

Mr Bamsey—The answer is that we are not absolutely sure, but it would have been in approximately the last 18 months.

Senator WONG—When did the two staff previously working on emissions trading leave the AGO, and when were the other two staff allocated to other areas? I am assuming from your answer that the other two were allocated if they did not leave and they are no longer working on emissions trading.

Dr Wright—We still have market development work ongoing—for example, the Greenhouse Friendly Certification Program, which includes a market development

mechanism—so the staff have not been totally reassigned to new duties. Some of those duties are ongoing; they are not totally focused on emissions trading.

Senator WONG—You previously had a team working specifically on the issue of emissions trading and carbon emissions costing?

Dr Wright—No, it was a market development team, which covered a range of market approaches, including studying emissions trading but looking at other aspects.

Senator WONG—How many were in the market development team?

Dr Wright—They are the four people.

Senator WONG—Two of whom have left—and you were going to let me know when they left—and two of whom are now working on related matters but not on emissions trading. Is that correct?

Dr Wright—That is correct. At any point in time not all four would have been working on emissions trading.

Senator WONG—Has there been a policy decision for the AGO not to conduct work on emissions trading? You have stopped, so you must have stopped for a reason, Mr Bamsey.

Mr Bamsey—We completed work on a series of discussion papers on emissions trading some time ago. The last work that took place on emissions trading specifically that I am aware of was a submission in response to a request from the Parer review some time last year, I believe.

Senator WONG—I recall Senator Hill making some statements regarding emissions trading. In March 2001 he stated:

The report also highlights emissions trading is a key component of greenhouse response ...

Is it no longer a key component?

Mr Bamsey—It can be a component. If you are asking will it be component of our new strategy—

Senator WONG—No, I am asking why, if it is such an important component according to at least the previous minister, it appears that you are no longer doing any work in this area.

Mr Bamsey—We have completed a good deal of work—

Senator WONG—Discussion papers.

Mr Bamsey—yes—and if we were asked to do some work we would be able to do it now.

Senator WONG—So you have not been asked by the current minister to do any further work on emissions trading?

Mr Bamsey—Not at present.

Senator WONG—Were you asked by the current minister to allocate the staff who were previously working on emissions trading to other—

Mr Bamsey—No.

Senator WONG—Who made that decision?

Mr Bamsey—It would have been as a result of work flows that change from time to time.

Senator WONG—So you made the decision, Mr Bamsey?

Mr Bamsey—I do not think I consciously made a decision to take people off emissions trading work. When I came to the position there was no further development work being undertaken on emissions trading. We had published the work that had been undertaken previously. There has been some analysis of market issues undertaken since, but I have not myself directed people to cease work on emissions trading, if that is your question.

Senator WONG—With which department do you understand primary responsibility for the development of emissions trading policy to reside?

Mr Bamsey—If there were a requirement to develop emissions trading further, then I believe we would coordinate it, but we would work with other agencies to do that.

Senator WONG—Were you involved in any cross-portfolio development proposals this year regarding a greenhouse gas emissions trading scheme?

Mr Bamsey—No.

Senator WONG—Was there no proposal put to the government in August this year for a greenhouse gas emissions trading scheme?

Mr Bamsey—I would not canvass advice put to the government.

Senator WONG—Did your office do any work on greenhouse gas emissions trading schemes this year?

Mr Bamsey—We have undertaken some analysis in general of emissions trading as a potential measure for limiting greenhouse gas emissions.

Senator WONG—Was the AGO involved in discussions with other departments regarding a proposal for a greenhouse gas emissions trading scheme?

Mr Bamsey—We have been involved in discussions with other agencies this year about the potential for emissions trading as a measure to limit greenhouse gas emissions.

Senator WONG—And was a proposal about that put to the government? I am not asking you for details of the proposal; I am asking if a proposal about emissions trading was put to the government.

Mr Bamsey—I would not canvass advice put to the government.

Senator WONG—When was such advice put to the government?

Mr Bamsey—I do not believe I could properly canvass any question about advice.

Senator WONG—I am not asking what was in the advice; I can ask when it was put.

Senator Troeth—I think that is beyond the scope of the officer.

Senator WONG—I am happy to take the matter to the Clerk in the break. My understanding is I can ask when it was but not what was in it.

ACTING CHAIR—If the officer feels he is unable to answer, that is the answer for you.

Senator WONG—I do not know that that is the rule, actually.

ACTING CHAIR—I do not know whether you can compel him to answer your question.

Senator WONG—I might have a discussion about that in the break. Mr Bamsey, you said you had some discussions earlier this year regarding a greenhouse gas emissions trading scheme. Were officers from the AGO involved in those?

Mr Bamsey—We were involved in discussions about trading as a potential measure. We were not involved in formulating a particular scheme or proposal.

Senator WONG—Are you progressing any further work on the potential measure of a greenhouse gas emissions trading scheme, or has that work terminated?

Mr Bamsey—Not actively at the moment.

Senator WONG—Is that your decision, Mr Bamsey?

Mr Bamsey—Yes.

Senator WONG—Perhaps you can remind me, given that this is your officers' area, whether there have been any announcements by Minister David Kemp in relation to emissions trading.

Mr Bamsey—I do not believe so.

Senator WONG—So the last announcements were under the previous minister. Is that right?

Mr Bamsey—I do not believe there have been any recent announcements by Dr Kemp.

Senator WONG—Have there been any announcements whatsoever?

Mr Bamsey—I am not certain on that point. I will seek advice, if I may. We do not believe so.

Senator WONG—Was the AGO involved in a specific proposal relating to a greenhouse gas emissions trading scheme to commence in 2013? Did you coordinate that?

Mr Bamsey—If you are asking if that was a proposal put to government—

Senator WONG—I did not ask that.

Mr Bamsey—I do not believe I can respond to that question for the same reason I did not respond to the previous question.

Senator WONG—I am not asking whether it formed a proposal to government. I am asking: did you do work on a proposal to introduce a greenhouse gas emissions trading scheme in 2013? I am not asking you where it went or what happened to it.

Mr Bamsey—We canvassed with other agencies earlier this year the potential for emissions trading to form part of a long-term response to climate change. In those discussions there were various possibilities covered for commencement of a scheme.

Senator WONG—Of which 2013 was one date?

Mr Bamsey—I do not believe that a proposal to commence emissions trading in 2013 was one of the possibilities that we canvassed in those terms.

Senator WONG—What were the possibilities?

Mr Bamsey—One of the possibilities was that an emissions trading scheme, if it were to be part of the response to climate change, might commence sometime after the conclusion of the Kyoto protocol commitment period, and that is 2012. But I do not believe there was any discussion on our part of something which would commence in 2013.

Senator WONG—Mr Bamsey, I asked you a question about 2013 and you said there was no proposal. You are now telling me that the proposal was a trading scheme to commence at the conclusion of 2012. By my understanding, that is 2013.

Mr Bamsey—I did not say that; I said that one of the possibilities was the commencement of a scheme sometime after 2012.

Senator WONG—Is Mr Morvell available? Does he have those figures, or should we move on to shale oil? It seems he is still looking for them.

Senator McLUCAS—I have a series of questions on shale oil, and they will go across both the AGO and the department. Is it in order to ask those questions now?

Mr Beale—I think it would be appropriate. I will ask Mr Early and Mr Forbes to join us at the table.

Senator McLUCAS—Has Environment Australia or the Greenhouse Office had any communication or meetings with Southern Pacific Petroleum since your request for additional information on 17 December 2002?

Mr Early—Speaking for the department, we have had an extensive number of meetings with the company since that time. I can give you details or I can prove them on notice.

Senator McLUCAS—Could you give me the details on notice. There are quite a few from what you are saying. Could you give me, on notice, in a table, a flavour of the themes of the meetings, the actual dates, what was discussed and what were the outcomes.

Mr Early—Essentially, they relate to our original request for additional information and also to the review that has been conducted on behalf of Queensland and ourselves into the stage 2 project. So it has been the company providing some information and then us querying it. In meetings where some information has been provided we have gone back with other requests and so on. That has been ongoing for some time now.

Senator McLUCAS—Generally how many meetings have been had between the department and SPP?

Mr Early—We have had three in the last two months; it is probably half a dozen or so in that period. I can give you the exact details on notice.

Senator McLUCAS—Has the Greenhouse Office met with SPP since 17 December 2002 when there were requests for information?

Dr Wright—We have had a representative at the same meeting.

Senator McLUCAS—What is the current status of the assessment of the proposed stage 2 development?

Mr Early—We are still waiting on the additional information and the finalisation of the environmental impact statement.

Senator McLUCAS—From what you are telling me, you have received some information from SPP?

Mr Early—Yes, that is right.

Senator McLUCAS—But there is still outstanding data that you are to receive. Is that correct?

Mr Early—That is right, yes.

Senator McLUCAS—Can you give me an idea of what is still outstanding, please?

Mr Early—Certainly among the information that we are still requesting is some information on technical detail in relation to the greenhouse issues, particularly in methodology used and assumptions made et cetera. We also want some information on health effects of hydrocarbon emissions, dykes and fluoride leachate management issues. It is quite broad; it ranges over a number of areas.

Senator McLUCAS—Are we looking for very technical responses or are we still grappling with the impact in a very broad sense?

Mr Early—No, they are technical issues. We ensure that the minister has the technical information available on which to make an informed recommendation.

Senator McLUCAS—Is it possible for you to provide us with a list of the outstanding data that is still required?

Mr Early—I can certainly provide you with exchanges of correspondence which indicate the questions that we have been asking.

Senator McLUCAS—That would be terrific. That would give me an understanding of what information has been received to this point as well.

Mr Early—It would, yes.

Senator McLUCAS—Do you have an understanding of when SPP might finally provide you with the information you requested nearly 12 months ago?

Mr Early—It is a bit difficult to say, given the length of time the process has taken to date. There are still some quite difficult issues for them to provide information on.

Senator McLUCAS—What is the nature of the difficulty? Is it that they do not have the information, or is it not being provided in the form you want?

Mr Early—I suppose it is the form in which it is provided and the assurance that we believe the data is rigorous and robust and actually provides information on what is happening with stage 1 et cetera.

Senator McLUCAS—If SPP ever does provide you with satisfactory information, what happens from then on? What is the time line that is triggered at that point?

Mr Early—There is then a 42-day period for our minister to make recommendations about the project.

Senator McLUCAS—Can you keep that process going for me?

Mr Early—This is the last remaining project which is still being assessed under the old Environment Protection (Impact of Proposals) Act. What will happen is the minister will, on receipt of the final EIS, have 42 days in which to make recommendations to the appropriate ministers—in this case I think that will probably be the Minister for Industry, Tourism and Resources and, possibly, the Treasurer if there are foreign investment issues.

Senator McLUCAS—Is that recommendations about whether or not it should be approved?

Mr Early—Yes, that is right, and under what conditions.

Senator McLUCAS—There was a letter, I understand, from SPP that accompanied the addendum report which said that SPP(D) was confident that the processes involved in developing the addendum had been exhausted and that no important issue remained unresolved. Given that you have asked for further information, does that mean that that was not a correct statement, that there were issues that were unresolved?

Mr Early—That was not a statement that we agreed with.

Senator McLUCAS—I understand that SPP requested that the addendum report be accepted as commercial-in-confidence and that the department subsequently suggested that that ran counter to the principles of an EIS. What was the explanation that SPP provided for their commercial-in-confidence request?

Mr Early—I might have to take that on notice. I cannot recall whether that issue has been resolved. We certainly suggested to them that it was inappropriate for the thing to be commercial-in-confidence. There may well be parts of it that were, but you could not say that for the whole document. I am not quite sure whether we finally resolved that with the company yet.

Senator McLUCAS—Could you take that on notice and provide me with their reasons? Also, is the addendum report now public?

Mr Early—No, it is not, because we do not believe it is complete.

Senator McLUCAS—And it cannot be published until it is complete, if that ever occurs?

Mr Early—No. We do not think it should be released until we are satisfied that it actually meets all the requirements for a final environmental impact statement.

Senator McLUCAS—In your letter of December 2002, you advise that the Queensland government also has some outstanding information requirements. This is probably a question I should ask of Queensland. Are you aware of whether the Queensland department still has questions that remain unanswered?

Mr Early—We have been working very closely with the Queensland government on this project. In fact, we coordinated our list of requirements with Queensland, so we have the same view about the outstanding issues as Queensland.

Senator McLUCAS—So the issues that concern EA are the same as those that concern DEH in Queensland?

Mr Early—Yes. There is essentially one list of outstanding issues which will satisfy both Queensland and us.

Senator McLUCAS—Last week SPP released its September 2003 quarterly report, which states in relation to the EIS process for stage 2 that ‘the company is confident that it has addressed all of the relevant issues in its various submissions’. It would seem that that is a similar comment to the one I earlier quoted. Would the department agree with that statement?

Mr Early—Not at this stage.

Senator McLUCAS—Are you still in constant discussion with SPP about outstanding matters at this point in time?

Mr Early—Yes.

Senator McLUCAS—So would you agree that that statement is somewhat misleading?

Mr Early—It may be an optimistic suggestion from their PR department.

Senator McLUCAS—It is a quarterly report, not a glossy magazine. Mr Early, you said earlier that Queensland and the Commonwealth were working very closely with SPP to deal with the matters that were outstanding. In the September quarterly report, SPP referred to advisers to the Commonwealth government in relation to the EIS process. What might that mean?

Mr Early—What was the quote?

Senator McLUCAS—I am finding the exact words. It refers to the fact that SPP has been in discussion with advisers to the Commonwealth in relation to the EIS process. I will just read the sentence to you:

The company has continued to be responsive to requests for clarification and additional information from the Queensland and Commonwealth governments and their advisers.

I am interested in who the advisers are.

Mr Early—As I have said previously, we have an independent consultant to advise us on the process, and it is possible that they are referring to them.

Senator McLUCAS—Who is that?

Mr Forbes—It is a project management organisation through Dr Russell Sinnott, who is based in Victoria.

Senator McLUCAS—Is he providing ongoing advice to the department and to Queensland?

Mr Forbes—Yes.

Senator McLUCAS—Has Dr Sinnott provided written analysis to this point?

Mr Forbes—I have not seen the reports at this stage, but they have certainly been in discussions with our officials, Queensland officials and representatives from the company.

Senator McLUCAS—In what capacity is Dr Sinnott employed? I need to get an understanding of what his work is.

Mr Forbes—He is employed through a contract with the Queensland government. We have provided funds to the Queensland government as part-share, if you like, in contracting Dr Sinnott and his colleagues.

Senator McLUCAS—So Dr Sinnott's contract is with Queensland.

Mr Forbes—That is right.

Senator McLUCAS—Do you have a copy of the terms of reference, the brief or the contract of employment?

Mr Forbes—I do not have it with me, but we can take that on notice and see whether we can obtain that.

Senator McLUCAS—Thank you. Was the position advertised?

Mr Forbes—I cannot exactly recall the process, but part of the difficulty with this was that complex scientific issues were embedded in some of the technical questions, so it was very important that we had the right expertise. I think part of it related to trying to get a consortia together which ensured we had the coverage of expertise.

Senator McLUCAS—I understand that. It is very specific and technical information that is required. A report has not been provided by Dr Sinnott to this point, but is there a document that would describe the work to date that you could provide to the committee?

Mr Forbes—We will see what we can provide and what has been produced to date. We can give you the terms of reference, but I am not sure that I have actually seen finalised documents yet.

Senator McLUCAS—Would I be correct in saying that you are still at the information gathering stage rather than at the assessment stage of the EIS?

Mr Early—It is still part of the assessment process. A draft environmental impact statement has gone out for public comment et cetera. But you are right, it is a combination. We are both in the assessment stage. We believe that we do not have all the information we need and neither does Queensland, so we are still gathering information but it is also part of the assessment process.

Senator McLUCAS—The correspondence list that you will provide me with will give me an understanding of the outstanding items of information that the department requires.

Mr Early—Yes, because we identified that in the attachments.

Senator McLUCAS—Going to dioxins, your letter of 17 December says that you have not had access to SPP's additional leachate tests. Have they been supplied to you now?

Mr Early—I am not sure. When I last wrote, which was in June, they had not been. I would have to take that on notice as to what information we have.

Senator McLUCAS—If they have been, could the committee be supplied with a copy of those tests?

Mr Early—I would have to take that on notice and perhaps check with the minister. We normally would not release bits and pieces of an assessment report before it is completed.

Senator McLUCAS—If they have not been supplied, what explanation has SPP given for that? This is a broader question around long-term energy policy. There was an announcement by the Prime Minister in November of last year that went to our involvement in a long-term

energy policy for the country. Have there been any discussions about the role of shale oil in the development of a long-term energy policy?

Mr Early—I am not really the person to answer that. I will have to look to my colleagues.

Mr Glyde—As you are probably aware, an energy task force was created by the Prime Minister to ensure a degree of coordination in implementing the development of government policy on energy. That particular question is probably best directed to the Department of the Prime Minister and Cabinet, because they are responsible for the management of that task force. It is based in the Prime Minister's department.

Senator McLUCAS—Has the Department of the Environment and Heritage been asked to provide information to the task force about the potential for shale oil in an energy strategy for the country?

Mr Glyde—I am not sure. I would have to take that on notice to check because the task force has been operating since the start of 2003, I think. I would just like to check to see whether we have provided any information at all on Stuart shale oil.

Senator McLUCAS—Not necessarily on Stuart shale oil but on shale oil as an energy source generally.

Mr Glyde—I understand, yes.

Senator McLUCAS—Thank you. This question is to the AGO: have we been able to ascertain to this point what the greenhouse intensity of stage 1 actually is?

Dr Wright—The quantum is still being firmed up because stage 1 is a pilot plant and it is still being bedded in and tuned, so that work has not yet been completed.

Senator McLUCAS—And that work is being conducted by the AGO?

Dr Wright—The AGO is providing input, yes.

Senator McLUCAS—Input to whom?

Dr Wright—Input to the independent review which my colleague referred to earlier.

Senator McLUCAS—So this is Dr Synnott's work?

Dr Wright—Yes.

Senator McLUCAS—Is the difficulty there that we still do not have any firm data out of stage 1?

Dr Wright—That is correct.

Senator McLUCAS—It is not actually operating in a consistent way.

Dr Wright—It is still being tuned up and operationalised.

Senator McLUCAS—I understand that SPP came to the conclusion some time ago that, on a full fuel cycle analysis, shale oil is less greenhouse intensive than refined petroleum. Is that the case? Have they been able to provide information to confirm that?

Dr Wright—I will ask another officer to comment on that.

Mr Baker—SPP have provided a slide show, if you like, of the model they produced for the full fuel cycle analysis. However, to date they have not provided us with the assumptions and data underpinning that model, so therefore I would not be able to assess it at present.

Senator McLUCAS—That is interesting way to provide a scientist with information—on a slide show. That is a comment, not a question. I understand that there was a claim of SPP that during stage 2 a reduction to as low as 40 kilogram of carbon per barrel or equivalent may be possible and that you requested clarification of that. Where is the analysis of that claim up to?

Mr Baker—It is still involved in that process that was described before by Mr Early, involving Russell Synnott. We are still checking that the numbers we think are appropriate are sufficiently underpinned by good data.

Senator McLUCAS—So there has not been any clarification of that claim to this point?

Mr Baker—Not as yet, no.

Senator McLUCAS—Has SPP provided any comparisons of greenhouse emissions from the Stuart project with other industries or countries using similar technology, as I understand was requested?

Mr Baker—Can I take that question on notice, please, Senator?

Senator McLUCAS—Certainly. If, one way or the other, you could provide us with some information about what analysis there is, if there is a document that analyses that, it would be useful. Could I also get, probably on notice, a list of the outstanding requests? I understand there is a committee that includes your organisation, EA and the Queensland department of environment but I would like, if possible, for you to identify the issues or matters that still have not been answered from a greenhouse perspective, which probably sit as a subset of the broader set of questions. If you could identify those on notice, that would be useful as well.

ACTING CHAIR—Senator McLucas, the committee is scheduled to have a dinner break at 6 o'clock. It is now that time, so would you like to put your questions after we return or perhaps place them on notice?

Senator McLUCAS—I have two to go, but I will put them on notice in order to keep to the time.

ACTING CHAIR—Thank you, Senator McLucas.

Senator McLUCAS—I also thank the officers for their assistance.

Proceedings suspended from 6.01 p.m. to 7.03 p.m.

Senator WONG—Mr Morvell, you were going to see if you could get the information I was discussing with you prior to the break.

Mr Morvell—Yes, Senator. Firstly, an accurate costing on the administrative costs for the state component is \$400,000—on top of the \$334,000 for the AGO.

Senator WONG—Of the \$5.7 million announced, at least \$734,000 of that is taken up in administration costs?

Mr Morvell—Yes. In terms of your question about the original target, there was no target specified in any of the public documentation, but the internal workings identified that it would be in the order of five megawatts of solar power produced, and that is compared with the just over five megawatts that I mentioned to you earlier on, the figure I gave you.

Senator WONG—Can I just clarify. That is for the whole of the \$31 million?

Mr Morvell—That is correct.

Senator WONG—Had you done internal calculations prior to the capping for the 2003-04 year?

Mr Morvell—No.

Senator WONG—You had not?

Mr Morvell—No.

Senator WONG—Were there some other areas I was asking you for?

Mr Morvell—Yes. You asked for the expenditure for this year.

Senator WONG—This is since 30 June?

Mr Morvell—Since 30 June. The actual expenditure for this financial year is \$527,000 expended, of which \$452,000 has gone to the states as direct rebates. In addition to that, there is \$1.6 million in rebates approved but not yet showing up on the ledger.

The next question you asked was in relation to South Australia and schools. We have had a total of 34 approvals in the life of the program under the community buildings component in South Australia. Almost all of those are schools but I do not have an accurate figure. It resides in South Australia and we have not been able to get through to their office, but it would be safe to assume that nearly all of those are school buildings. Twenty-six have been installed and of those 34 there are five applications this financial year so far.

Senator WONG—And what is the total value of those applications?

Mr Morvell—The total approved value of the 34 is \$368,000.

Senator WONG—Were you able to give me accurate figures regarding the actual amount of the \$5.7 million which related to approvals taken but not acted on or applications received between the cap and the conclusion of the last financial year?

Mr Morvell—No, Senator, I cannot give you that without doing some more analysis—the reason being that there is a lag between actual approvals and installation and therefore there is a lag in the payments, the flow of money between the Commonwealth, the state and the applicant. To give you an accurate figure we would have to go back and do that analysis.

Senator WONG—Could you do that. I think we agreed before it was around two and a bit million. Is that correct?

Mr Morvell—In that order of magnitude, yes.

Senator WONG—If you could provide the actual figure. Of the remainder, which may be in the order of \$3 million to \$3½ million, depending on what you come back with, \$800,000 is in administration costs. Does the \$368,000 for the 34 schools applications come out of the same \$5.7 million?

Mr Morvell—Yes.

Senator WONG—How much does that leave as a total of money that can be expended on the program for this financial year, if you exclude the two and a bit million which is effectively paying for approvals received in the last financial year and the administration costs and the schools and the million dollar fund for developers that was discussed?

Mr Morvell—It is very difficult to give you an accurate figure because the money for the developers' component was to come out over the extended two-year period, so it is not necessarily coming out of this year or all of next year. Until that program is running, I cannot give an estimate of when it will come to account on the books.

Senator WONG—Let us put that to one side for a moment. How much is available under the program if you exclude the two and a bit million in expenditure that has been delayed by virtue of the cap and relates to approvals received prior to 30 June after the cap, and the administration costs?

Mr Morvell—Our very rough calculation is \$1.9 million.

Senator WONG—Of which, if you allocated the \$1 million for developers over the two years, \$500,000 would be developers' fund?

Mr Morvell—Given the stage we are at in the financial year and the lag time between approval and installation, it is unlikely that a large amount of that \$1 million would come out of this financial year. I would anticipate most of it coming out of next financial year.

Senator WONG—What were the forward estimates in relation to the program for 2004-05?

Dr Wright—The funding for the 2004-05 component is sourced from the budget measure on page 136 of Budget Paper No. 2, referring to the urban environment initiative. We are in the process of agreeing costings for that particular component before the quantum of funding can be agreed with the department of finance and made available. We would envisage it would be in the same order as in previous years, so around \$5.7 million, but it has not yet been confirmed with the department of finance.

Senator WONG—Was this not part of the forward estimates, though, for 2004-05? Was there a notional figure allocated?

Dr Wright—The urban environment initiative had a funding envelope of \$24.2 million, with the various elements to be agreed after the budget. That has been happening over the first quarter of this financial year and we are still awaiting confirmation.

Senator WONG—Did you give me the approvals for July, August, September and October of this year?

Mr Morvell—I have not got them broken by month but I have a total: 453 applications approved in the three months.

Senator WONG—And the value of those?

Mr Morvell—I do not have a figure on the actual value.

Senator WONG—I am sorry. Did we not discuss that before the break?

Mr Morvell—It includes the \$1.6 million but the issue has been accessing the database back in the office.

Senator WONG—Sorry, what is the \$1.6 million?

Mr Morvell—The \$1.6 million I mentioned that is approved and waiting to appear on our ledger.

Senator WONG—So the \$1.6 million, the figure that you gave me, is the value of approved applications in this financial year to date?

Mr Morvell—It is all approved applications this financial year. What I am uncertain of is whether in fact there is some additional amount associated with that for the end of September period. I have not been able to access the database, so I would prefer to come back and confirm that with you.

Senator WONG—I am happy for you to take that on notice. The available funding is \$1.9 million—is that what I understood you to have said?

Mr Morvell—Yes.

Senator WONG—You have approved \$1.6 million.

Mr Morvell—Yes.

Senator WONG—And that is only your figure somewhere towards the end of September.

Mr Morvell—Yes.

Senator WONG—Doesn't it look like we are going to run out of money in that program?

Mr Morvell—The government's decision was for a two-year extension. We are closely monitoring where we end up over the coming months and we will look at the issue of whether we need to rephase over the two-year period.

Senator WONG—Given that it is \$1.6 million as at September, if the rate of approval and the average value of approvals per month continue, you are clearly not going to be able to fund all applications, if they continue at a similar rate, that you will receive from that budget allocation for the current financial year.

Mr Morvell—That depends on whether we look at the issue of rephasing over a two-year period.

Senator WONG—You might bring forward the 2004-05 funding into this year?

Mr Morvell—That is an option.

Senator WONG—What are the options that are being developed to deal with this?

Mr Morvell—I am not sure that I am at liberty to go too deeply into the options, some of which we are putting before the minister.

Senator WONG—The minister has advice on this issue?

Mr Morvell—No, I said the options we are developing to put before the minister.

Senator WONG—Presumably the minister is going to have to determine it fairly soon. If you are at \$1.6 million now, you have only \$300,000 to go before you exhaust your allocation for this year and that is only to the end of September.

Mr Morvell—It is \$1.9 million on top of the \$1.6 million, so we have \$1.9 million after that \$1.6 million. There is \$2 million available as of now.

Senator WONG—That does not make sense in terms of the figures you gave me before. Perhaps I misunderstood them.

Mr Morvell—Accepting that these are ballpark figures, there was \$2 million for the payments for last year. There is \$0.8 million, approximately, for the administrative costs. There is \$1.6 million that is approved and in the system but not yet brought to account,

Senator WONG—Which is about \$4.4 million.

Mr Morvell—That leaves roughly \$2.2 million.

Senator WONG—\$5.7 million minus \$4.4 million is \$1.3 million. Isn't \$2 million plus \$0.8 million plus \$1.6 million a total of \$4.4 million?

Mr Morvell—You are correct.

Senator WONG—It is \$1.3 million and you have already expended—not even including the end of September—\$1.6 million.

Mr Morvell—That is correct. That is for systems approved, not installed. They will be installed over a period of up to six months.

Senator WONG—I understand that. We are talking about value of approvals. So that leaves you with \$1.3 million for the rest of the year. Also yet to come out of that is some proportion of the developer's fund of \$1 million which, as you point out, is over two years, which would be potentially another call on that funding.

Mr Morvell—But it was always a call on the funding.

Senator WONG—I appreciate that. I am just saying that in terms of approvals it seems clear that either you are going to have a cap, or you will have to rephrase some of the 2004-05 allocation to this year or you are going to have to stop giving the rebate.

Dr Wright—Certainly rephrasing is something that we could do if we need to. Also, the developers fund component was only ever considered to be possible and sensible over a two-year extension of the program because of the lead time required to put a tender out into the market and have bids that fit in then with the developer's cycle. That is why we are saying that we feel the expenditure on that will occur next financial year, not this financial year.

Senator WONG—I appreciate that is your position, Dr Wright. I understand that, but even if you assume all of the \$1 million comes out of next year's allocation, my point is you have already spent more in the first three and a bit months than you have for the rest of the year in this program.

Dr Wright—It is a rebate program so it is demand driven. The two-year extension of the program was made in recognition of the fact that the government is in the process of considering its forward strategy on climate change. The longer term direction will be considered in that context.

Senator WONG—Mr Bamsey, just to go back to the emissions trading issue so I can understand what we can agree on, AGO previously had four persons working on emissions trading. It now has none. You had discussions earlier this year across agencies regarding a

greenhouse gas emissions trading scheme, one of the options of which was a commencement after the Kyoto protocol period, which ends in 2012. There are currently no discussions that the AGO is involved in relating to such a proposal now.

Mr Bamsey—There were about four people in the market development team. They were working at various points on emissions trading and other potential market mechanisms. There is no work being undertaken at the moment on emissions trading. In relation to the discussions, as I mentioned earlier, the AGO participated in discussion amongst agencies on emissions trading among other matters. This has been something that has taken place over a long period and was particularly intensive when the AGO was in the process of producing those discussion papers, but it has continued. It was one of the issues that was canvassed in stakeholder consultations earlier this year and we have provided advice to our minister on this matter on a number of occasions.

Senator WONG—When was the last advice provided?

Mr Bamsey—My recollection is that we last discussed the issue with our ministers in the middle of this year.

Senator WONG—Did those discussions involve Treasury and Environment Australia?

Mr Bamsey—The discussions amongst agencies?

Senator WONG—This year.

Mr Bamsey—They would at various times have involved Treasury and the department.

Senator WONG—And Prime Minister and Cabinet?

Mr Bamsey—Yes, a range of agencies. The usual range of agencies with which we discuss greenhouse measures.

Senator WONG—I am not asking you to confirm or deny this, because you can't, but you are probably aware of the article in the *Canberra Times* which asserts that the Prime Minister vetoed a proposal along these lines in August. Since August have there been any further cross-portfolio discussions on emissions trading?

Mr Bamsey—There have certainly been discussions in which emissions trading has been an issue.

Senator WONG—Who in your department, given there are no longer any people working on emissions trading, was involved in these discussions then?

Mr Bamsey—When I say there is nobody working on emissions trading, we do not have a team actively analysing emissions trading. Emissions trading, as I am sure you know, is a measure which has been much discussed as part of a potential response to climate change right around the world. I discussed emissions trading with European officials a couple of weeks ago. As you may know, they have a scheme which is to commence in 2005. Emissions trading as a potential response to climate change is something that we discuss quite commonly.

Senator WONG—Can I go now to the proposed free trade agreement with the United States. Has the AGO undertaken any work on the environmental impacts of the proposed FTA with the United States?

Mr Bamsey—No, I do not believe so. We have discussed the issue with the Department of Environment and Heritage, but we have not undertaken any analysis.

Senator WONG—Has the department undertaken work on the environmental impacts of a free trade agreement?

Mr Glyde—My division is responsible for the coordination of our approaches to international matters, so to that extent we have responsibility for the free trade agreement. The government is certainly considering undertaking an assessment of the free trade agreement. There is really nothing there to assess at this moment; it is too early in the negotiation process to get a clear idea on the form that the agreement is likely to take. We have been active in the process and have been participating in the meetings, but at this stage we have not yet done that assessment.

Senator WONG—You have not been requested to do such an assessment?

Mr Glyde—The government is considering undertaking an assessment.

Senator WONG—They have commissioned three studies on the economic impact but none on the environment. Is that correct?

Mr Glyde—I do not know about the economic aspects.

Senator WONG—Mr Bamsey, has the AGO been involved in these discussions about the possibility of an environmental impact assessment of the free trade agreement?

Mr Bamsey—I do not believe so; certainly not in any depth and not in any formal way.

Senator WONG—At this stage, Mr Glyde, do I understand that the minister has not yet determined to seek your advice in respect of this issue?

Mr Glyde—As I said, the government is still considering the need to undertake an environmental assessment and, at this stage, it is a bit hard to do it because the document is not sufficiently advanced to conduct an assessment.

Senator WONG—But sufficiently advanced to have economic assessments. It is not a matter for you to comment on.

Mr Glyde—No.

Senator WONG—Is the AGO aware of any studies on the impacts on Australia's greenhouse gas emissions resulting from the FTA?

Mr Bamsey—No, I am not. I have looked to my colleagues and they are shaking their heads, so I do not think we are.

Senator WONG—You have not been requested for such advice?

Mr Bamsey—No.

Senator WONG—Is the department aware of any studies on the impacts on Australia's greenhouse gas emissions of the proposed FTA?

Mr Beale—I am aware of a study that was, I think, published late last week by a group that I believe calls itself OzProspect. Other than what I have heard and read in the media, I have not had an opportunity to analyse their work.

Senator WONG—It was reported, I think, in yesterday's *Age*.

Mr Beale—That is correct, by Kenneth Davidson, if my memory is correct.

Senator WONG—The author calculates a projected increase in Australia's greenhouse gas emissions, asserting that it would rise by 25 per cent. Have you been asked to or considered undertaking any analysis of that study?

Mr Beale—I have not been asked to analyse it. I am sure we will read it.

Senator WONG—You have not been asked to analyse it?

Mr Beale—No.

Senator WONG—Are you proposing to, Mr Beale?

Mr Beale—I will read it and see whether I think it is worth analysing.

Senator WONG—Mr Bamsey, are you familiar with this report?

Mr Bamsey—No, I am not. But, like Mr Beale, I will read it, too.

Senator WONG—This is obviously significantly qualified: if the study has any merit that would be a significant impact on Australia's greenhouse gas emissions, wouldn't it?

Mr Bamsey—A 25 per cent increase, if that is the conclusion, is certainly significant.

Senator WONG—But the AGO has not been asked for any advice on this as yet?

Mr Bamsey—No, we have not.

Senator Ian Macdonald—We do not accept that there is a 25 per cent increase, do we?

Mr Bamsey—No.

Mr Beale—You addressed your question very carefully. You said that if there were a 25 per cent increase, that would be significant. By definition, 25 per cent would be significant, but none of us having read this report or considered whether or not it has any merit, could possibly associate the 25 per cent with the free trade agreement.

Senator Ian Macdonald—Or with reality.

Senator WONG—Thank you, Minister. Would you like to respond, Minister, as to why the government has not considered the environmental impacts of the free trade agreement?

Senator Ian Macdonald—Who did this report that you are referring to?

Senator WONG—I am asking you generally why the government does not consider an environmental impact assessment of the free trade agreement appropriate.

Senator Ian Macdonald—I was going to say that I would take that on notice, but the government is considering undertaking an environmental assessment of the free trade agreement along the same lines as the United States.

Senator WONG—But you have not commenced it?

Senator Ian Macdonald—I am instructed that the department have been an active partner in providing advice on the environment aspects of the free trade agreement to Australian negotiators. They will continue to perform this very important role; but, until there is any

conclusion, there is not much to finally assess, apart from giving advice to the negotiators, which has been happening.

Senator WONG—There are current draft greenhouse trigger regulations to the EPBC, are there not?

Mr Early—Yes.

Senator WONG—What is their status?

Mr Early—There is a draft regulation which has been the subject of consultation with state and territory governments. That is where it rests at this stage.

Senator WONG—The threshold in those regulations is 500,000 tonnes. Is that correct?

Mr Early—That is right.

Senator WONG—Has the government undertaken any consideration as to whether or not the free trade agreement could result in greenhouse gas emission increases which would trigger those regulations?

Mr Beale—It is hardly relevant to consider whether or not a free trade agreement could trigger regulations that do not have any legal force.

Senator WONG—It depends on whether or not you think government policy should be coherent or parallel tracks, I suppose, Mr Beale. You have a government position out there on a greenhouse trigger. All I am asking is: is that position being considered in the context of the free trade agreement?

Mr Beale—No.

Senator WONG—I understand from various reports that the US has put on the table an investor state provision in terms of the free trade agreement.

Mr Beale—Sorry, I was distracted. I was trying to make sure that I had understood your previous question.

Senator WONG—I understand that the US negotiators have put an investor state provision on the table in the context of a free trade agreement. Have you been asked to provide any advice as to what implications that has?

Mr Beale—The US has indicated that it is intending to propose an investor state dispute settlement mechanism to be included in our FTA. That is still a matter for negotiation. Australia is open to talking about such mechanisms. The US has said that it has made a number of improvements to the way that such a mechanism would work in the Australia-US context, especially to take into account community concerns expressed in the NAFTA context. The Australian government will review such improvements when the US text is on the table. I do not think I can add anything to that at all.

Senator WONG—Have you been asked to provide any advice regarding the potential impact on Australia's environmental regulatory regime from an investor state provision?

Mr Beale—I do not think I can add to what I have already said. We will review the improvements when the US puts the text on the table and you can be assured that the

department is participating as an important player, on a whole of government basis, with our colleagues in these negotiations.

Senator WONG—I understood your answer was that the government will consider what the US comes up with. I accept that. I am asking whether or not Environment Australia or the AGO have been asked for advice as to what the potential impact of an investor state provision could be on Australia's environmental regulation.

Mr Beale—Not explicitly, but we look at every one of these provisions carefully when they are put on the table from the viewpoint of whether or not they might or might not have any impact on environmental regulation in Australia. Of course, that is what helps inform our contribution to the negotiating position. We will continue to do that.

Senator WONG—Have you provided advice on the investor state provisions?

Mr Beale—We cannot yet have provided advice on these improvements which we will review when the US text is on the table.

Senator WONG—So, as yet, you have not provided any advice to the government on that issue?

Mr Beale—We have contributed to the development of Australia's negotiating position on all parts of the text that are relevant to the environment. If that is considered to be providing advice, in an interdepartmental context, of course that is so, but it is not something that I would characterise as formal advice. It is the normal process of developing a whole of government negotiating position in an international trade agreement context.

Senator Ian Macdonald—Just so that I can follow this: what is the terminology you are using—investor state, is it?

Senator WONG—It is an investor state provision.

Senator Ian Macdonald—What does that mean?

Senator WONG—You might want to get advice from your officials on that.

Senator Ian Macdonald—With respect, I have asked some of them and they, like me—not being totally involved in the free trade negotiations—have not really heard of the term before. I am just curious as to what it is, so I can follow the conversation.

Senator WONG—Mr Beale, are you familiar with what an investor—

Senator Ian Macdonald—No, I was asking you. You are asking the question.

Senator WONG—I am not the one providing the answers.

Senator Ian Macdonald—But you are asking the question. What do you mean by investor state?

Senator WONG—I understood that Mr Beale knew what an investor state provision was. He responded by referring to NAFTA, where this issue has arisen.

Senator Ian Macdonald—So that I can join in this and be part of the happy family, can you tell me—never mind about Mr Beale—what an investor state means?

Senator McLUCAS—Sorry, Senator, I do not think that is appropriate.

Senator WONG—That is not appropriate.

Senator McLUCAS—We have only a short period of time. Let us move on.

CHAIR—That is a reasonable request. Terminology has been used that he does not understand.

Senator Ian Macdonald—What are you talking about? What is investor state provision? Perhaps I could answer the question, if I knew what you were talking about.

Senator McLUCAS—Mr Beale clearly has an understanding of the principle. Senator Wong has asked a straightforward question.

CHAIR—The minister has asked for information.

Senator Ian Macdonald—If it is straightforward, can you just please bring me into it?

CHAIR—I am the chairman. The minister has asked for information, so he should be given it.

Senator WONG—Perhaps you should talk to your colleagues, but it is part of what you are trying to negotiate with America.

Senator TCHEN—Can I say to Senator Wong that the minister is the final stop if you have questions that Mr Beale cannot answer, so he has to understand what you are asking.

Senator WONG—Mr Beale has answered the question.

CHAIR—The minister is seeking information.

Senator TCHEN—In that case there is no further need to ask him, is there?

Senator Ian Macdonald—No. Let us move on then.

CHAIR—One would hope you do understand it, because the minister is obviously just seeking an answer, a definition.

Senator WONG—The investor state provision is a provision that is included in a free trade agreement which gives companies investing in the particular state certain rights. In relation to NAFTA—and this is the next question I want Mr Beale to answer—the investor state provision in that agreement has been used to challenge environmental regulations. Mr Beale, obviously in terms of your answer to my question initially, you made reference to NAFTA so it is obviously something the department has considered. Have you at least provided advice to the government on the issue of how the investor state provision in the NAFTA agreement has caused some concern in terms of environmental regulation?

Senator Ian Macdonald—What is the NAFTA agreement?

Senator WONG—It is the North American Free Trade Agreement.

Senator Ian Macdonald—What has that got to do with us? It is a problem in NAFTA. What does that have to do with Australia?

Senator WONG—Because America is seeking the same provision or a similar provision in the free trade agreement your government is negotiating. That is publicly known.

Mr Beale—As I understand it, as you say the free trade agreement is a text that allows investors who are party to an agreement to take the other party to arbitration if they feel they

have been dealt with unfairly under the Investment Chapter, that in some sense they have been discriminated against as external investors. At times in the North American Free Trade Agreement I understand there have been instances where domestic environmental regulations have been brought into arbitration. But as I indicated in my answer to you, the US seem aware of that sensitivity and have claimed that they have made a number of improvements to the way that such a mechanism would work in the Australia-US context. Of course, we would want to take into account and review such improvements when the US text is on the table. I do not think I can really add to that, Senator Wong.

Senator WONG—In the NAFTA context, Mr Beale, it was asserted that particular environmental regulations breached that provision because they constitute a barrier to trade. I assume the department is aware of that.

Mr Beale—We are aware that there has been controversy and I am sure my officers would be aware of the nature of the controversies. However, I just repeat that our US colleagues indicate that they have made improvements to the way that such a mechanism would work in the Australia-US context, especially to take into account community concerns expressed in the NAFTA context. Until we review any such text that they put on the table, I can add nothing further.

Senator WONG—Yes, I understand that is your answer, but presumably our negotiators would need to know at least some of the parameters of what we would require in an investor state provision so as to protect the integrity of our environmental regulatory regime. Have you been asked to provide such advice?

Mr Beale—I have indicated that it is not something where we stand outside these negotiations and are asked to provide advice. We are members of the negotiating team and, on a whole of government basis we are, day by day, providing advice on the provisions that are relevant to the environment. So you can rest assured that environmental dimensions will be fully considered by our negotiators, as we put together a whole of government position in these negotiations. As they are negotiations, I cannot, should not and will not go into the nature of the way in which we are putting together that negotiating position.

Senator WONG—Who in the department is providing the advice, as part of formulating Australia's position on the free trade agreement?

Mr Beale—An appropriately qualified senior officer in Mr Glyde's division. I do not think there is any need to nominate the individual's name.

Senator WONG—It might be worth while getting the person to the table so we can ask some questions about what the work is.

Mr Beale—The person may well be at the table but he is not going to answer questions about the content of advice he is providing in the context of an international negotiation.

Senator WONG—I am not asking what you are putting on the table in terms of the negotiation. I am asking what work the department has done on the potential environmental impacts on an FTA. Presumably this is information—

Mr Beale—The department has examined—

Senator WONG—If I could finish, Mr Beale. Presumably this is information our negotiators should have. You would agree with that?

Mr Beale—Your presumption is appropriate. We always enter negotiations well equipped with facts and analysis.

Senator WONG—I am sorry. Keep going.

Mr Beale—I have finished.

Senator WONG—How many people in the department are working on providing input into the government's negotiating process regarding the FTA in order to ensure environmental considerations are taken into account?

Mr Beale—It is not a fixed number. I myself would consider it from time to time; I am sure Mr Glyde would and Mr Keeffe might.

Senator WONG—Has there been any analysis of what sorts of changes would be required to ensure the problems that arose in the NAFTA agreement do not arise in the Australia-US agreement?

Mr Beale—Australia will form its view of what appropriate text is. We will examine the US text, and when they have put those improvements on the table, we will review them and reach a conclusion.

Senator WONG—I am not asking what advice you are giving. I understand what your position in this is, Mr Beale, and you are sticking to it very clearly: you are going to look at it when it is on the table. I am asking whether or not anyone in the department has done an analysis of the problems which arose in the NAFTA agreement and what changes we would require in the broad sense to an investor state provision in the US-Australia free trade agreement to ensure those problems do not arise.

Senator Ian Macdonald—You can be assured that the department is giving advice to our negotiators in anything the negotiators will need to conduct their duties appropriately. I do not think we can take it much further than that.

Senator WONG—That is not an answer to the question. I am asking has the department conducted any analysis—

Senator Ian Macdonald—We are telling you that whatever is required by the negotiators to fully assess their negotiating position would have been provided by various members of the department at various times of the negotiations and at various times of the operations. It is all advice to government and it has been done and it will continue to be done as is needed.

Senator WONG—I am not asking for what advice has been given to government.

Senator Ian Macdonald—I understand that.

Senator WONG—I am asking whether or not anyone in the department has done any analysis of the problems which arose in the NAFTA agreement in relation to the investor state provision.

Mr Beale—I have already said yes, we have looked at all the US free trade agreements. We have looked at the patterns of problems and the literature around them so that we understand the issues fully and we are in a position to assess and provide advice on, so that the Australian

government can determine a whole of national interest point of view on the improved mechanisms that we understand the US suggests it is going to put to us. But we cannot go any further than that until we see this text.

Senator McLUCAS—When the text is known, what is the time frame then that you have been advised that you have to develop some analysis of the potential impact of the proposal from an environmental perspective?

Mr Beale—We have not been provided with any specific time lines on the analysis of any particular clause in the proposed agreement but we understand that both governments wish to reach agreement on this very important treaty as soon as is consistent with the national interest.

Senator McLUCAS—You are aware that both the Prime Minister and the President of the United States have suggested that December might be an appropriate time to be able to reach agreement?

Mr Beale—I have heard those statements, yes.

Senator McLUCAS—And that is a month away.

Mr Beale—Yes.

Senator McLUCAS—What sorts of consultative processes would you require within the department so that the breadth of knowledge, information and understanding was accessed to ensure that all of the elements of the department have been included in providing advice?

Mr Beale—You can again rest assured that the appropriate staff have thought carefully about this and are ready to respond, as we always do, in the time lines required by the circumstances that we face.

Senator McLUCAS—It is not a lot of time. I think Senator Wong is trying to understand this. We are trying to get some information about what processes must be occurring in order to inform properly and to use all of the skills of the department—

Senator Ian Macdonald—Senator—

Senator McLUCAS—Please let me finish—so that the information provided to the negotiating team is complete. To think that all of the wealth of knowledge in the whole department rests with two or three people—I know they are very bright, but I do not think they could actually do it.

Senator Ian Macdonald—But you will understand one day that departments such as—

Senator McLUCAS—Please don't patronise me.

Senator Ian Macdonald—I beg your pardon?

Senator WONG—I think you can cut the patronising comments, Minister.

CHAIR—Senator, let the minister answer or provide the information.

Senator Ian Macdonald—When you are in government and have a bit of a better understanding of how the departments work, you will understand that departments such as this one and in fact—

Senator Wong interjecting—

Senator Ian Macdonald—If you don't like to listen to me, you can shut your ears. I am simply saying to you that you will understand that departments like this—in fact, all of the departments of the Commonwealth government—are very professional. They are at times required to give advice urgently and quickly. At times they are required to give advice and they have a long time to research it, but they are very professional people. They understand their duties, they are very well qualified and they will provide the advice. The government has absolute confidence in this department, as in all departments, to provide the appropriate advice when it is needed, be it at short call or at long call. So whatever it is, whenever the details are known, whenever the advice is required, the government is confident that this department will provide it and provide it in a world-class way.

Senator WONG—Given your assurances there, Minister, what is the process that the government envisages for the environment department to provide advice on the finalised free trade agreement prior to its signature? Given that it is November and the political time line that has been announced by the Prime Minister is December, when is the government going to give it to Environment Australia and say, 'We want advice as to whether this constitutes a risk to Australia's environmental regime?'

Senator Ian Macdonald—As the negotiations proceed, as the government need advice on particular aspects, they will ask the secretary. The secretary will call in those in his department relevant to the issue. The advice will be obtained and it will be supplied in the time lines given by the government at the time. That is how it works, and that is what you expect of a very professional department such as this one.

Senator WONG—I do not think we have any doubt that the department is professional, Minister. I think what we have a doubt about is whether or not your government is seeking their advice on this issue.

Senator Ian Macdonald—You have been assured that it is and it will, as appropriate, and I can give that assurance again.

Senator WONG—Will the free trade agreement be subject to an environmental audit before the government signs off on it?

Senator Ian Macdonald—The free trade agreement will take advice from all aspects of government and in the end result the negotiators on behalf of the Commonwealth will come to a conclusion, relying on advice from across the range of advice from all of the government's advisers. So, yes, we will get information and advice from this department and it will be good advice.

Senator WONG—Minister, is that a commitment that the Howard government will ensure that there is an environmental assessment of the free trade agreement before it signs it?

Senator Ian Macdonald—We will get advice from this department on every single aspect of the negotiations as they occur and certainly, hopefully, as we get to a stage where there is an agreement.

Senator WONG—Will there be an environmental assessment of an agreement?

Senator Ian Macdonald—What do you mean by environmental assessment?

Senator WONG—You do economic assessments. An environmental assessment is an assessment of the potential environmental impacts.

Senator Ian Macdonald—That has been done all the way through and Mr Beale has already explained that to you. Advice is being tendered, proffered and sought as the negotiations proceed and that will continue to happen right through till, hopefully, final agreement is reached.

Senator McLUCAS—I am sure you understand the need for confidence from the community in any free trade agreement. Part of that confidence is transparency in the process. Will the advice, the analysis, the audit—whatever we are going to call it—the environmental impact assessment of the free trade agreement be a public document so that the public can be part of the analysis from an environmental perspective?

Senator Ian Macdonald—I can assure you that, if we are able to make an agreement with the Americans on free trade, all aspects—not just the environmental aspect but the benefit to Australia across a whole range of areas—will be clearly enunciated by the government when we come to that conclusion. The government will not be making an agreement unless it is in Australia's best interests and that has been made very clear. Australia's best interests transcend a range of government activities, be they economic, industrial, environmental, legal or whatever. At the time we come to a conclusion—and hopefully we will—you can be assured that the government will explain clearly why it has entered into this on behalf of Australia, because we are only doing it if it is good for Australia.

Senator McLUCAS—That is not the question I was asking.

Senator Ian Macdonald—I thought it was particularly the question you were asking.

Senator McLUCAS—The question I am asking is that the analysis and the process by which the final decision is reached is also made clear so that we do not simply have the answer to the question, we have the thinking that brought us to the answer to the question.

Senator Ian Macdonald—The government will explain in detail—hopefully this will be the case—why it believes that this free trade agreement is good for Australia. The government will explain how it will benefit Australia and the research, the benefits, the assessments that we have gone into to come to the conclusion that this is in Australia's best interests. The environment will certainly figure in that, as will every other aspect of the free trade agreement, which hopefully we will come to a conclusion about. If any element of it does not work in Australia's interests, we will not be entering into it.

Senator McLUCAS—Mr Beale, has there been a decision about a formal process of analysis once the text has been arrived at?

Mr Beale—I indicated to you earlier that the government is considering undertaking an environmental assessment of the free trade agreement, along the same lines as the United States, and that any environmental implications will be considered during the whole of government process surrounding the free trade agreement and its implementation. It is premature to undertake an environmental review at this point in the negotiations until we are clear on the form that the agreement will take. My department has been an active partner in providing advice on environmental aspects all the way through the negotiations.

In terms of the total framework within which whole of government consideration of an international treaty takes place, this is not the right committee in which to ask those questions. I would have to defer to my colleagues in the Department of Foreign Affairs and Trade who are responsible for the formal advice to government overall on any treaty and, for that matter, on the important processes that go to treaty signature and ratification.

Senator McLUCAS—I have to say, within the time frame that we have, that I am surprised there is not a formal process that has been agreed on that this department would be expecting to occur, potentially in the next month.

Senator Ian Macdonald—We note your surprise but Mr Beale has answered that.

Senator WONG—Minister, I note the tenor of the answers is primarily that it would be premature to undertake an assessment. Your government has undertaken three separate economic assessments of the benefits of an agreement and those were obviously completed and undertaken prior to text being agreed on. Why is it the government does not see fit to undertake a similar environmental assessment?

Senator Ian Macdonald—I think we have explained to you that advice is being received by the negotiator as appropriate. The free trade agreement, if it is ultimately concluded, as we hope it will be, will have benefits to Australia across a whole range of areas. They will be fully explained at the time and the environmental elements that you are so interested in will be very clearly explained at the time.

Senator WONG—Is there a process in government therefore to ensure that a full environmental assessment is taken before you sign it?

Senator McLUCAS—You have asked that question now about six times that I can remember and Mr Beale has answered it five times. I do not think it helps us much, just repeating the answers that have already been given.

Senator WONG—In terms of the input into the negotiations on the free trade agreement, Mr Bamsey, do I understand from your early answers that is not something the AGO has been required to participate in?

Mr Bamsey—Not in a broad way so far.

Senator WONG—You have not been asked to provide any advice as to the potential effect on Australia's greenhouse gas emissions of a free trade agreement?

Mr Bamsey—I do not believe so.

Senator WONG—Thank you. I have finished with the AGO.

Senator McLUCAS—I have some quick questions on the mandatory renewable energy target from MRET. I understand that the review panel has presented its completed report to Minister Kemp. Did the government, in the process of that review, conduct or commission any analysis on an increase in the MRET target?

Dr Wright—The review was undertaken by an independent panel. I am not certain what analysis was undertaken.

Senator McLUCAS—Who was the independent panel?

Dr Wright—The Hon. Grant Tambling, Monica Oliphant, Mr Neville Stevens and Peter Laver.

Senator McLUCAS—They potentially commissioned their own research themselves, as an independent review panel?

Dr Wright—Yes. They had a secretariat to support them, seconded from the industry department and the Greenhouse Office. They operated as an independent review panel.

Senator McLUCAS—Some of these questions you may not be able to answer, Dr Wright, because of the independence of the panel. Are you aware that there may have been some submissions to MRET that were confidential?

Dr Wright—I believe there may have been. The normal practice is for submissions to be made public to the maximum extent possible. Where businesses ask that aspects be retained as commercial-in-confidence, that is done. That is standard practice.

Senator McLUCAS—The decisions about which submissions could be kept confidential were made, obviously, by the panel.

Dr Wright—And at the request of businesses and organisations submitting to the panel.

Senator McLUCAS—Do you have any idea of the quantity of total submissions and the number that were confidential?

Dr Wright—No, not in terms of confidentiality, either in total or elements. In terms of the total number of submissions, my recollection is that there were over 5,000 submissions.

Senator McLUCAS—Is that something I could ask on notice, Dr Wright, recognising that we are a different independent panel?

Dr Wright—We can see if we can ascertain that information.

Senator McLUCAS—Secondly, if you could find out how many submissions were received, how many were fully confidential, how many were partly confidential and also the reasons that the panel used to make a decision about whether or not they would respect the request of the submitter to keep them confidential.

Dr Wright—I can see what is possible, Senator.

Senator McLUCAS—Thank you. I might leave it at that.

CHAIR—Could that report be made public in due course?

unknown137unknown1Dr Wright—It is a legislated requirement that the report be tabled by 18 January 2004.

CHAIR—Thank you. That appears to conclude the AGO.

[8.04 p.m.]

Parks Australia

Senator WONG—Mr Cochrane, I have some questions in relation to Point Nepean. Has Parks Australia ever expressed an interest in taking responsibility for management of any portion of Point Nepean?

Mr Cochrane—No.

Senator WONG—Are you aware that the member for Flinders claimed in the parliament that Parks Australia would be gifted the land?

Mr Cochrane—I am not aware of that.

Senator WONG—That is not on the basis of any position that Parks Australia has ever taken?

Mr Cochrane—No.

Senator WONG—Parks Australia has never been approached by any area in government in relation to taking over management responsibility for Point Nepean?

Mr Cochrane—No. We have provided advice on its value as potentially part of the national reserve system but not as an owner or manager.

Senator WONG—You can't help me as to where Mr Hunt got the information that he put out in his flier?

Mr Cochrane—I have no idea.

Senator WONG—Thank you very much. I have some questions on Christmas Island but, given the time, Chair, I propose to put them on notice.

CHAIR—Thank you. They have to be in by tomorrow, of course.

Senator WONG—Nothing further for Parks Australia.

CHAIR—I thank Parks Australia for appearing.

[8.07 p.m.]

Department of the Environment and Heritage

Senator WONG—Mr Beale, I suppose this is formally when I should ask you for some of that additional information in relation to program expenditure. You will recall I asked this of the AGO and a similar issue arises in respect of the departments. In the portfolio statements there is far less disaggregation as between programs. For example, NHT is now aggregated into four programs. I think it was 13 the year before. I wonder if on notice you could provide me with all the programs the department administers, the funding allocation to each of these programs for the past and current financial year, and the actual expenditure to date by program.

Mr Beale—Senator, perhaps I might just explain some of the complexities in that question. You quite rightly point out that the NHT has a greatly simplified program structure. It has come down from 21 programs, in fact, to four. That was quite deliberately done to reduce the Balkanisation of the program. So we now have four programs. What we can provide is approved projects under the NHT. Perhaps I had better get my NHT colleagues here.

Senator WONG—I do have some questions on the NHT.

Mr Beale—Sorry, I thought you were referring particularly to the NHT.

Senator WONG—That was an example. What I am seeking that you provide is disaggregation across your budget allocation. This is on notice, Mr Beale.

Mr Beale—Some level of disaggregation would be possible and appropriate but we will consider that on notice and come back.

Senator WONG—What would not be appropriate, Mr Beale?

Mr Beale—It depends how far down the chain one goes. It would become onerous in the extreme if we got to individual very minor contract amounts but the principal activities—for example, the building blocks of the program—we can provide.

Senator WONG—For example, if you look at the 2002-03 output under Biodiversity, there is quite a number of disaggregated programs—I call them that, I am not sure if that is the terminology that is still being used in the department—which are not replicated in the current 2003-04 statement. I do not want to engage in an argument about whether they should or should not have been replicated, Mr Beale. That is not the issue. I am seeking comparable data, if it in fact exists.

Mr Beale—If it exists we will do that.

Senator WONG—Thank you.

Mr Beale—Certainly some of these we could. This is in relation to DEH. We will examine this list, Senator, on page 62 of 2002-03. To the extent that we can in a sensible way map across to that, we will provide you with that information.

Senator WONG—Thank you for the specificity of your answer, Mr Beale. What I want to clarify is that that and the NHT were examples only. I am seeking that in relation to the entirety of your budget allocation.

Mr Beale—We understand that.

Senator WONG—Thank you, Mr Beale. I do have some questions on NHT. Are you happy for me to ask those now? Mr Early, I am happy to go to you.

Mr Beale—I am in your hands, Chair.

Senator WONG—Mr Early, I assume you are aware of the government's commitment in the 2001 election regarding a register of critical habitat?

Mr Early—Yes, Senator.

Senator WONG—And what work has been done to honour that commitment?

Ms Delahunt—The register of critical habitat is a responsibility under the EPBC Act that the threatened species committee is required to advise the minister in relation to appropriate recommendations for listing in that register. The threatened species committee has advised the minister on several occasions and in fact advises the minister in relation to all recovery plans that the minister has approved about whether or not it would be appropriate for critical habitat to be listed in the register. That is an ongoing discussion between the minister and the committee over time and there has been three listings in the register. I would have to check which ones.

Senator WONG—So, so far there have been three ecological communities listed on the register?

Ms Delahunt—No, three listings in the register of critical habitat. That is what you were asking about, not ecological communities.

Senator WONG—So three listings in the register of critical habitat.

Ms Delahunt—Yes, I will check that.

Senator WONG—And how long has the committee been in place?

Ms Delahunt—Since the commencement of the operation of the act, so from July 2000.

Mr Early—Three and a bit years.

Senator WONG—How often does the committee meet, Ms Delahunt?

Ms Delahunt—The committee met approximately five times the first year and four times the second, and met three times last year and has met again this year once. It has another meeting coming up.

Senator WONG—I am sorry?

Ms Delahunt—It has met once so far this financial year and we will be meeting again in December so, generally speaking, it meets four times a year.

Senator WONG—I think you indicated there have only been three listings on the register thus far, since the commencement of the act.

Ms Delahunt—Yes.

Senator WONG—When were they listed?

Ms Delahunt—I will have to check. I didn't bring that list, Senator.

Senator WONG—If you could tell me the dates of the listing.

Ms Delahunt—Yes.

Senator WONG—Is there a significant time lag between the committee's consideration and the listing? What is the process? I know there has only been three so maybe there is not a process.

Ms Delahunt—There has only been three decisions to include it on the register, but the committee advises the minister in relation to each recovery plan whether it would be appropriate to register or not, so they advise the minister more frequently. There has only been a small number of occasions when the committee has advised the minister that listing would be appropriate.

Senator WONG—Does the committee take the view that listing an area on the register would provide little protection under the EPBC unless that habitat is Commonwealth area?

Ms Delahunt—The committee is aware that there are additional conservation benefits arising from registering areas that are Commonwealth lands.

Senator WONG—What I am asking is: if the committee comes to a view that there is an area of critical habitat, but it is not of Commonwealth land, does it propose that the area be listed or not?

Ms Delahunt—That would depend on each instance because the committee takes into account the particular circumstances of the entity that is being proposed and whether there would be a conservation advantage from listing in the register.

Senator WONG—Is your analysis this: that unless the area is in Commonwealth land that listing on the register provides little protection.

Ms Delahunt—My analysis or the committee's analysis?

Senator WONG—I am happy for you to provide the committee's.

Ms Delahunt—The committee's view, which they have articulated to the minister, is that they believe there is additional conservation benefit arising from listing in the register, particularly in relation to Commonwealth land but that is not necessarily the case. I could envisage, from my understanding of the committee's deliberations, that they may well recommend to the minister lands which are not Commonwealth lands that would be appropriate to be put on the register. It is certainly not out of the bounds of the approach and discussions the committee has had in relation to past matters.

Senator WONG—It is a very low number of listings in the period, Ms Delahunt.

Ms Delahunt—That is true.

Senator WONG—Can you offer any indication as to why that would be?

Ms Delahunt—The committee's view in relation to the issues they have discussed so far is that there has not been an additional conservation benefit arising from such listing and they have not recommended to the minister that listing in the register would be appropriate.

Senator WONG—Have all listings that were recommended been listed? In other words, on all occasions where the committee has recommended listing, has that occurred?

Ms Delahunt—Generally that is correct, Senator.

Senator WONG—What does 'generally' mean, Ms Delahunt?

Ms Delahunt—There is an outstanding issue, as always. There is a particular time lag between decisions of the committee and the time of that getting to the minister and the minister does have also a period of time within which he may consider the decision. So if one could put aside that, the committee's decisions and recommendations to the minister have been accepted.

Senator WONG—What is the time lag?

Ms Delahunt—Under the act the minister has a period of time to consider the issues. Following meetings of the committee the department also has to pull together the information to go with the committee's recommendations to take to the minister. That time does vary depending on the complexity of the issue.

Senator WONG—In the three so far what is the variation?

Ms Delahunt—I would have to check the records on that, Senator.

Senator WONG—Is there any point in listing critical habitat if it is not on Commonwealth land?

Ms Delahunt—Certainly the committee has a view that there could be instances where there are conservation benefits that would arise from listing in the register, but it doesn't necessarily accrue in each instance.

Senator WONG—Mr Early, moving to another matter. Moonah woodland. Have you been asked to assess the coastal Moonah woodland at Point Nepean?

Mr Early—Senator, we had a referral for the original proposal to sell the land, which was not a controlled action under the EPBC Act. We are not aware of any other proposal to assess a matter related to Point Nepean. I probably need to check that, but I doubt it.

Senator WONG—The referral for initial assessment under the EPBC Act was when?

Mr Early—The original referral was 19 February 2003.

Senator WONG—You have not been requested for any further advice since that time?

Mr Early—It was determined not to be a controlled action on 18 March 2003.

Senator WONG—That is the actual sale.

Mr Early—That is right. I should add there was also another referral for a controlled burn of the area on 16 April, which on 10 June was determined not to be a controlled action because of the particular manner in which it was to be carried out—namely that fire and weed management plans be submitted prior to the action being undertaken.

Senator WONG—Have they done so? Can I clarify this: you determined that the burn was not a controlled action under the act?

Mr Early—That is right, yes.

Senator WONG—On the basis that they were going to submit a fire management plan, or whatever the term is?

Mr Early—That is right.

Senator WONG—This is the Department of Defence, I presume?

Mr Early—Yes, and they submitted it to our department for agreement.

Senator WONG—When was that submitted?

Mr Early—They have not done it yet.

Senator WONG—You still will have to approve the burn itself, or the management?

Mr Early—That is right, yes.

Senator WONG—But you took the view that, if they wanted to burn, it was okay?

Mr Early—Provided that their management plan was acceptable.

Senator WONG—Moving now to nuclear dumps, I understand ARPANSA has requested some further advice from DEST regarding the proposed nuclear waste repository. Has Environment Australia been asked to participate in responding to that request?

Mr Early—No, Senator.

Senator WONG—So there is no working party which you are part of to look at the issues which ARPANSA has raised.

Mr Early—As you know, the repository went through the EPBC assessment and approval process and was approved subject to conditions, so our involvement really is to ensure those conditions are met. I am not aware of what ARPANSA actually asked DEST about.

Senator WONG—You have not been asked to provide any further advice to DEST or to ARPANSA in relation to this issue?

Mr Early—No, Senator.

Senator WONG—Were you aware of ARPANSA's request to DEST?

Mr Early—I was not, no.

Mr Forbes—Nor I, Senator.

[8.26 p.m.]

Land, Water and Coasts Division

Senator WONG—This is the old Marine and Water, isn't it, Mr Beale?

Mr Beale—It includes elements of them, yes. The old Marine and Water is no longer.

Senator WONG—I know that. I have some questions about the Living Murray initiative and the interim scientific report on the River Murray.

Mr Beale—That would be appropriate in this division, and I would suggest that Dr O'Connell and Mr Theo Hooy might be the appropriate officers.

Senator WONG—I received a copy of the interim report of the *Ecological assessment of environmental flow reference points for the River Murray system* which was prepared by the Scientific Reference Panel to the MDBC. I assume you are familiar with that. That report states, amongst other things:

... the 1500 GL option alone ... will deliver at best, a moderate improvement for the plant and animal communities assessed.

It also makes the point:

... non-flow ... options cannot be traded off against environmental flow allocations.

Does that accord with your views?

Dr O'Connell—The report does talk about whole of river system health and its objective is to look at three different reference volumes as points for analysis. It is not in itself making recommendations as to what should occur. The report also, I think, does suggest that at smaller volumes and with the management of that water, there can be significant local benefits.

Senator WONG—Local benefits?

Dr O'Connell—In terms of component parts or sites or assets in the system; but the reference volume assessment was really aimed at making assessment of the whole of river system health.

Senator WONG—And 1,500 gegalitres was determined to be really the only option that would provide a moderate possibility of improving whole of river health?

Dr O'Connell—No. I do not recall the precise words, but I understood that it gives different probabilities for getting that health: lower at 750 gigalitres and higher at 1,500 gigalitres.

Senator WONG—When did you receive this interim report?

Mr Hooy—I cannot recollect clearly when we received the report, but it was before it had been peer reviewed.

Senator WONG—Before it had been peer reviewed?

Dr O'Connell—I believe we received the interim report around 15 to 17 September, when it was released. As you may know, the report went through a peer review process. We certainly received drafts, but the final interim report was peer reviewed and then was released immediately following that peer review process, and I think it was on 15 to 17 September. It was about then that it was released, and certainly that was the time at which we received it as well, because it was released immediately following the—

Senator WONG—You didn't receive it prior to its public release?

Dr O'Connell—We did not receive it significantly prior to its public release. As I say, we received drafts and those drafts, towards the end, did not significantly alter from the final interim report, but the final did go through that peer review process.

Senator WONG—Has the department been instructed to prepare work for the November ministerial council on the three reference points?

Dr O'Connell—I am a deputy commissioner on the Murray-Darling Basin Commission and within that overall context advice is being provided to the council, and then of course, within the Australian government, we are preparing advice to our ministers. Dr Kemp, Minister Truss and Minister Macdonald are on the council.

Senator WONG—Are you doing any work around any levels other than the three reference points?

Dr O'Connell—To put the context, the council asked for a proposal to be prepared, with reference to a set of sites: Barmah-Millewa, Gunbower, Chowilla and the Murray Mouth, and the work has been prepared on the basis of the council's request.

Senator WONG—Have you been asked to do work considering environmental flows other than the three public reference points? I think they are 350, 750 and 1,500 gigalitres.

Dr O'Connell—We have been, obviously, working within the scope of those three points.

Senator WONG—Have you been asked to do work on 400 gigalitres?

Dr O'Connell—Not to my knowledge. The work that was particularly asked for in terms of the council's last request was to develop a proposal referring to those sites. We have been tending to look at the outcomes of the sites, as requested.

Senator WONG—The work that you are talking about, Dr O'Connell, is an internal Commonwealth position or the work you are doing in the context of the MDBC?

Dr O'Connell—The primary work is in the context of the MDBC. The intent is for the commission to provide a proposal to the council, which can then be considered by the council

in November. There has been preparation in the context of the commission of a proposal to the council which will be submitted to the council for its meeting in November.

Senator WONG—On 15 November?

Dr O’Connell—No, 14 November.

Senator WONG—Minister Truss made a public statement suggesting that any proposal would be likely to be at the lower end of the reference points currently being used for the Living Murray initiative consultations. I presume he means the lower end to be 350 as opposed to the 1,500. Is that the Commonwealth government’s position in terms of the MDBC negotiations?

Dr O’Connell—The government is considering its position in terms of council.

Senator WONG—Has that position been finalised as yet?

Dr O’Connell—It would be true to say that it has not been finalised yet. The council meeting is—

Senator WONG—In 10 days.

Dr O’Connell—Yes. There is time for a decision to be made.

Senator WONG—Apart from EA, presumably AFFA is having some input into the formulation of the government’s position.

Dr O’Connell—The Department of Agriculture, Fisheries and Forestry and ourselves work in a very close partnership in this. We both have members on the commission and we work as a team in this exercise.

Senator WONG—You have made reference to site-specific initiatives and the report does canvass those issues. Is it the case that there is still consideration within government of environmental flows over and above, or aside from, the issue of site-specific works?

Dr O’Connell—Yes, in the sense that there will be flows required to provide benefits to those sites and then to the river as a whole. The request really has been to provide a proposal as a first step. To step back, the Scientific Reference Panel report was an interim report; the final report will be due in the middle of next year. There will be an expectation that the commission and council will continue to address the issue. What is being looked at at this stage is the first step.

Senator WONG—Given that Minister Truss has publicly stated that the size of the proposals are likely to be at the lower end of the reference points, that would seem to suggest that the Commonwealth government has finalised its position in relation to flows.

Mr Beale—Senator, Dr O’Connell has already advised that the Commonwealth has not finalised its position and it is quite inappropriate to ask an officer to speculate on the basis of a press report of a ministerial comment from another portfolio.

Senator WONG—Has there been a decision to focus only on key sites rather than on the broader issue of increasing environmental flows?

Senator Ian Macdonald—Could we make available the decision from the last ministerial council meeting which referred to this?

Dr O'Connell—Yes. We could provide you with that decision.

Senator WONG—I am familiar with that.

Senator Ian Macdonald—It was a ministerial council meeting of the Commonwealth and all the state ministers that requested some information in relation to those sites.

Dr O'Connell—It is quite straightforward to say that there has been no decision to not look at other flow issues.

Senator WONG—Over and above site-specific issues?

Dr O'Connell—In terms of the commission. The commission certainly has not made a decision as a commission that it will not look at other flow issues over and above those sites. As I said, the final report is not due until next year.

Senator WONG—Has the Commonwealth government made a final decision on whether it will consider flows over and above the site-specific ones?

Dr O'Connell—I have explained the position on that. The Commonwealth government is still considering the issue. Senator, can I just correct a date for the release of the interim report? My notes suggest that it was released on 15 October and I might have said 15 September.

Senator WONG—Yes, you did. You corrected yourself and now you have recorrected yourself. That is fine. I do not want to re-traverse the free trade agreement issues, but is your section of the department, Dr O'Connell, aware of the OzProspect study in relation to potential environmental consequences of a free trade agreement, including in terms of water?

Dr O'Connell—Similar to previous responses, I have certainly read about it in the media. I have not read the report itself.

Senator WONG—You have not been asked to provide any advice?

Dr O'Connell—I have not been asked to provide any advice.

Senator WONG—Have you provided any advice through the department on the free trade issue?

Dr O'Connell—We have not provided any advice.

Senator WONG—Thank you, Dr O'Connell.

Proceedings suspended from 8.41 p.m. to 8.55 p.m.

Heritage Division

CHAIR—We will call the Heritage Division; the Australian Heritage Commission formerly Australia and World Heritage, sorry.

Senator WONG—Have Land and Water gone? I am sorry, there was one question I failed to ask.

CHAIR—You could put it on notice, Senator.

Mr Beale—Dr O'Connell is still here. Perhaps he or I might be able to answer.

Senator WONG—It is a very simple question. There was a recent poster produced by the department entitled *Commonwealth marine protected areas: benefits to all* and I wanted to know where the funding came from and how much the poster cost to produce and distribute.

Dr O’Connell—That would be out of Parks Australia, which we will perhaps take on notice for you and ask them to provide.

Senator WONG—I am happy to do that. Can you just indicate where the funding came from, how much it cost to produce and distribute, and what was the process of determining that the poster would be produced, thank you.

Dr O’Connell—Yes, no problem.

Senator WONG—Thank you.

Senator LUNDY—Chair, I have some questions regarding heritage, but for future reference to which part of this portfolio would I address questions about the conservation of the grey nurse shark?

Mr Beale—It would be the AWD, the Approvals and Wildlife Division.

Senator LUNDY—That is for future reference. I may well put some questions on notice. In terms of the new Commonwealth Heritage List, what progress has been made in assessing whether to transfer Commonwealth property on the old register of the National Estate to the new Commonwealth list?

Mr Leaver—There are about 80 to go. There were about 800 on the Register of the National Estate that, on the face of it, were potential Commonwealth heritage places. We have assessed—the last time I counted—about 380 and there are about 80 to go.

Senator LUNDY—Sorry, 380?

Mr Leaver—We have assessed 380 as being suitable for transfer to the new Commonwealth Heritage List. There are about 80 to go.

Senator LUNDY—About 80 to go?

Mr Leaver—About 80 to go, yes.

Senator LUNDY—So out of the 800 there are about 460 suitable.

Mr Leaver—It is not quite as simple as that. Many of the sites are multiple listings. For example, whilst the Parliamentary Triangle would be considered as one listing for transfer, on the register of the National Estate it is about six listings, all superimposed over each other. There are various listings around particularly under defence establishments and others, that have sort of accreted multiple listings over the years. There are other places that have simply been sold off; others that have lost their heritage values through destruction and some of them do not meet the heritage criteria. Some of the very early listings—

Senator LUNDY—Do not meet the new heritage criteria?

Mr Leaver—No, do not meet the new heritage criteria. Some of the earlier listings on the Register of the National Estate, with the reflection of hindsight, in later years may not really have been listed. It is about 400 of the 800 we think will make the Commonwealth heritage criteria.

Senator LUNDY—Are you able to account specifically for which particular places go from being multiple listings on the RNE to a consolidated nomination to the new list and detail the actual specifics of it?

Mr Leaver—It is possible to pick through them, if one wanted to do that.

Senator LUNDY—I do not particularly, I just want you to provide me with all that information.

Mr Leaver—We could readily provide the information of those places that are eligible. Through the Senate debate I think there was a list Senator Hill provided.

Senator LUNDY—Yes, we did go into some detail.

Mr Leaver—There is that list. But to go back and then check that again against the Register of the National Estate is theoretically possible, yes.

Senator LUNDY—Could you take that on notice?

Mr Leaver—Yes, certainly.

Senator LUNDY—Thank you. When you say you have made 300 assessments and they have transferred across, does that mean you have assessed all of the 800 and determined that only about 380 go across to the new list, within the conditions you just described—

Mr Leaver—Yes, are eligible for transfer to the Commonwealth list at the end of the day.

Senator LUNDY—Are there any you have not assessed as yet?

Mr Leaver—Yes, about 80.

Senator LUNDY—So that is 80 out of the 800?

Mr Leaver—Yes.

Senator LUNDY—Sorry, I misunderstood. I thought the 80 was in addition to the 380.

Mr Leaver—No.

Senator LUNDY—When is the six months up that you had to do this transfer process?

Mr Leaver—It was six months from the commencement of the new regime.

Senator LUNDY—What was that date?

Mr Leaver—A decision has not been made yet on the commencement date. At the moment there is a range of activities going on relating to preparation for that; mainly the preparation of the various instruments and the criteria. There is another round of key consultation with Heritage stakeholders which will be happening later this month. There is, of course, the council membership and there is the winding up of the Australian Heritage Commission. There are a lot of things in train. It would be expected to be in the new year.

Senator LUNDY—The commencement date?

Mr Leaver—Commencement of the new regime, yes. Then the clock starts ticking for the six months.

Senator LUNDY—That commencement date is dependent on your ability to get organised?

Mr Leaver—Yes, that is right. Of course, a lot of the instruments are disallowable instruments—the criteria, for example. You would want some certainty before you call for public nominations for the National Heritage List; that the criteria are soundly based and form a sound basis for kicking off the new regime.

Senator LUNDY—How many nominations have been received for the listing of properties under the new regime so far?

Mr Leaver—Zero.

Senator LUNDY—Is there a nomination process in place as yet?

Mr Leaver—No, not yet.

Senator LUNDY—What happens at the moment, given we are between regimes, if you like?

Mr Leaver—There has been a lot of public interest, as you can imagine, following the widespread discussion and debate. We get a lot of people writing in asking about the new regime. We have a whole range of information and material now prepared that we send out. I have been doing a range of consultations around Australia. People have been interested. With State Heritage, for example, I am doing New South Wales tomorrow, South Australia next Monday and Tasmania next Tuesday.

There is an enormous amount of interest and we are telling people what is going on and bringing them up to date on what the nature of the new regime is. We are putting them on a mailing list to receive regular information and telling them that when the new regime is announced the minister will announce some themes, inviting nominations for National Heritage places under those themes and that will be the launch of the new system. They are not restricted, of course, to themes. They can nominate what they like.

Senator LUNDY—They just will not get on the list.

Mr Leaver—No, you may recall from that bill there is a strict statutory process. Once you receive a nomination with ticking clocks and deadlines there is not the option to disregard it.

Senator LUNDY—But people cannot actually nominate anything until after it has commenced. Is that correct?

Mr Leaver—That is right, yes.

Senator LUNDY—What happens if there was a development proposal pending and someone believed that it should be protected on the heritage list right now and that without heritage protection or consideration right now that place could be lost? What happens then?

Mr Leaver—Most Australian heritage is protected under state and territory rules.

Senator LUNDY—What if it is not? I know this is a specific scenario, but the way I am interpreting this gap between the old regime and the new regime is that whilst ever commencement of the new regime has not occurred, there is a void.

Mr Leaver—No, there is no gap.

Senator LUNDY—It means people cannot nominate new things yet.

Mr Leaver—No. The old regime applies to the date of the new commencement.

Senator LUNDY—So people would currently nominate under the old regime?

Mr Leaver—Yes, that is right. If it is Commonwealth heritage where the danger of the gap is, that has been protected under the EPBC Act since July 2000, so there is no gap there either. But the majority of heritage around Australia, as I have said, is protected under state and territory regimes.

Senator LUNDY—What would happen now if someone applied to have something protected under the current regime, the EPBC Act? What would the treatment of that nomination be?

Mr Leaver—It would not be a nomination. It would have to be drawing to the department's attention that there is an action that may have a significant impact on the environment—in this case the Commonwealth environment—and it would be dealt with, as it has been done since 2000, as an action under the act that needs to be assessed and determined whether it is controlled action. If it is, then an environment assessment process—you might recall the Senate debate, the Norfolk Island example, which was under the EPBC; that is what currently applies.

Senator LUNDY—What is the time frame for those under the EPBC Act for consideration by the Commonwealth?

Mr Leaver—The EPBC Act sets out again a series of ticking clocks and deadlines about receipt of a referral, the exhibition of the referral, the receipt of the public comments and the minister assessing it and so on.

Senator LUNDY—What is the minimum time it could take?

Mr Leaver—The ubiquitous Mr Early could answer that.

Senator LUNDY—He knows all the technical details. I am just trying to get a feel for whether there is a sense of uselessness; about people not bringing heritage areas to the attention of the Commonwealth now.

Mr Leaver—Section 30 under the AHC Act still applies until the day of commencement of the new regime. A Commonwealth minister or a Commonwealth agency proposing an action that has an adverse impact on the National Estate values or a place listed on the register is required to go through the provisions of section 30 of the act. We regularly receive those and process them and, and if they fall within the ambit of section 26 and section 28 of the EPBC Act, they are assessed as they have been since July 2000.

Senator LUNDY—What is the minimum time frame, Mr Early, for that process to occur?

Mr Early—If there is a referral made for an action that is likely to have a significant impact, then within 20 business days there is a decision as to whether or not it is a controlled action. Then there is an assessment process, which is essentially in the hands of the proponent. In the meantime, of course, they are precluded from carrying out the action. Once that is completed, then there is an assessment report which the department has to provide to the minister within 30 days, and then the minister has another 30 days to make an approval.

Senator LUNDY—Eighty days?

Mr Early—If it is a controlled action which has to go through an assessment and subject to even preliminary documentation, you would be looking at about four months as being the minimum time. But in the meantime, of course, that action is precluded until the approval is given.

Senator LUNDY—I know this was discussed in the debate in the Senate: what happens to those that have been nominated through that process but have not reached the end of the assessment process as part of the transfer to the new regime?

Mr Leaver—It is not so much the nomination. It is the action that could have a significant impact on the environment, and in this case the heritage environment, so it is not a nomination. If the department itself or somebody has drawn to the department's attention, or the department has been made aware by other means, that here is an action on a Commonwealth place that is going to have a potentially significant impact on the heritage values of the site, then the EPBC Act is triggered. The Norfolk Island private property development was the example.

Senator LUNDY—Yes. I need to ask you specifically about what is happening on Norfolk Island but I will use another example. This was raised during the debate: where Commonwealth land has been sold off in the ensuing period, where there may well have been something of Commonwealth heritage value, but because it was sold off it was no longer a Commonwealth asset.

Mr Leaver—That has been the case for decades. The positive thing I can say in relation to that is bodies like the Department of Defence—which was probably the biggest seller of heritage assets over the years—now have a very constructive and positive approach to the early discussion with the department in relation to the disposal of heritage assets, and early engagement on how those assets can be identified and protected through a sale process and the various properties they have before us. One of my officers here deals directly with Defence on this matter. With the sort of relationship we have with Defence, these issues have now been to the fore and managed over the last year or so—let's say two years—new regime or no new regime. The new regime in fact gives a more formal structure to that. Certainly the change and enthusiasm in Defence now of recognising heritage as part of the nature and morale fabric of that department has made our job a lot easier.

Senator LUNDY—What about the National Capital Authority? Do you have a similar relationship with them?

Mr Leaver—It varies. They have a development remit. They are required to consult with the commission on any action that could have an adverse impact on National Estate values, which they do. At times that advice is accepted; at other times it is not.

Senator LUNDY—Did you think the Red Fan was a good idea, the centenary of suffrage?

Mr Beale—Senator, it is not normal to ask officers their opinion.

CHAIR—That is a fair point, Senator. It is an opinion about a policy matter.

Mr Leaver—One way that I can respond constructively is that the National Capital Authority are now enthusiastically embracing the concept of the new heritage regime in relation to the advantages of having conservation management plans for their properties, so

that these potential conflict areas can be fleshed out at the planning stage rather than leading to more colourful discussions down the track. The National Capital Authority are quite keen, with the advent of the new regime, to prepare heritage conservation management plans for the areas for which they are responsible to make the understanding of the heritage component far clearer.

Senator LUNDY—I take the point, Mr Beale. I was going to ask you what you thought of the Red Fan, but you have put me off. Can you confirm that the National Capital Authority formally consulted with you in relation to the proposal for the centenary of suffrage?

Mr Leaver—The sculpture?

Senator LUNDY—The so-called Red Fan sculpture proposed.

Mr Leaver—The women's suffrage sculpture, I think it was called.

Senator LUNDY—The centenary of women's suffrage.

Mr Leaver—Yes. They formally consulted us through section 30 of the Australian Heritage Commission Act.

Senator LUNDY—What obligations does that process impose upon you in responding to that approach by the National Capital Authority?

Mr Leaver—I will just qualify this. This is the commission, not the department.

Senator LUNDY—Yes.

Mr Leaver—It is an independent statutory authority that has been around since 1976. First of all, the minister or Commonwealth agency is obliged to consult with the commission if they are proposing an action that might have an adverse impact on National Estate values of a site and the commission is obliged to give that advice. The agency concerned can either accept or disregard that advice if they think in their opinion there is no feasible or prudent alternative.

Senator LUNDY—What was the advice provided by the commission to the National Capital Authority in relation to that particular fan?

Mr Leaver—In relation to the sculpture, the commission looked at the statement of significance for the site, carefully looked at the reason the area was on the register in the National Estate in the first place—which essentially related, amongst other things, to vista, to memorials, to sculptures, to celebrations, representing the history of Australian democracy—and, in the context of those values, provided its advice.

Senator LUNDY—Which was?

Mr Leaver—It would not have an adverse impact on those National Estate values for which the vista was established.

Mr Beale—We should make it clear, Senator, that that was advice provided by staff of the commission. Under delegation, the commission itself subsequently examined a later presentation by the authority of the sculpture, as it had by then developed. It was quite different by that stage from the sculpture reviewed by the commission staff under delegation.

The commission reached the conclusion that there is a very significant difference in the nature of the sculpture but the matter needed to be considered no further because apparently financial issues intervened. A decision was taken that the project had exceeded its budget and that there was no need to examine it further.

Senator LUNDY—Did you provide written advice to the National Capital Authority that indeed the commission had changed its view?

Mr Beale—There was no opportunity to do that because I think it was within 12 hours of the commissioners examining the proposal that, for totally separate budgetary reasons, there was a decision that it would not proceed. There was no opportunity or need to provide that advice.

Senator LUNDY—Are you completely comfortable with the fact that the National Capital Authority continued to quote the approval and support of the Heritage Commission as part of their defence as to why they proceeded with a substantially changed version of the fan?

Mr Beale—They were perfectly entitled to indicate that the staff of the commission, under delegation in an entirely appropriate way, provided advice that the sculpture as it was then envisaged—which was right at the beginning of the process—was appropriate to be located in the parliamentary vista.

Senator LUNDY—You are quite happy for there to be no record of the fact that the commission actually changed its view?

Mr Beale—The commission simply reached a view that the final sculpture had been significantly different from the one considered by the staff.

Senator LUNDY—If the commission is happy with not having any public record of their view, fine!

Mr Beale—There is a record of that, I guess, in the minutes of the commission meeting.

Senator LUNDY—Okay. In the news release of 21 August the minister noted—

Mr Beale—Sorry. I should make it clear that the statement I am making is as a commissioner, not as secretary of the department.

Senator LUNDY—Thank you for that. I am tempted to ask the minister his view of the fan. Minister, you are allowed to comment on those sorts of things where the officers are not, aren't you? What did you think?

Senator Ian Macdonald—What, my view and opinion? I do not think that is terribly relevant to the estimates committee.

Senator LUNDY—It is all right. I will go on to something else. In his news release of 21 August the minister noted that the government would appoint a new Australian Heritage Council. What is the system and timing for the appointment of that new council? Is that, too, dependent upon commencement of the act?

Mr Leaver—Yes, that is dependent on commencement. I would expect that was one of the announcements. You cannot receive nominations if you do not have a council to assess them. At the moment the minister is considering the membership of the council.

Senator LUNDY—What will be the process for the selection of the head of the council, the chairman of the council.

Mr Leaver—The act prescribes it is an appointment by the minister.

Senator LUNDY—What about the current commission? How is the appointment of the chairman of the commission made?

Mr Leaver—That was an appointment by Senator Hill.

Senator LUNDY—It is a ministerial appointment, too. Will the rest of the council members be ministerial appointments?

Mr Leaver—Just a correction of that: the AHC appointment is by the government of the day, by the executive or governing council. The appointment process for the commission was different to the proposed appointment process for the council.

Senator LUNDY—What was the appointment process for the Heritage Commission?

Mr Leaver—Governing council.

Senator LUNDY—It is not a ministerial—

Mr Leaver—It is a recommendation of cabinet to Executive Council.

Senator LUNDY—What about the other members of the proposed new council?

Mr Leaver—The Australian Heritage Council?

Senator LUNDY—Yes.

Mr Leaver—That is a ministerial appointment and you may recall it sets out the qualifications for those members.

Senator LUNDY—We will look forward to asking you about that again. Just a few questions, finally, about Norfolk Island: during the committee debate on the legislation, Senator Hill spoke about places on Norfolk Island that had been nominated but are not currently listed on the RNE. Some of those properties, as we know, may well have been sold by now. I am not sure if you could give me an update on where they are at. Six of those have now been nominated for the Commonwealth list by the Australian Conservation Foundation. Can you tell me what progress has been made on those assessments?

Mr Leaver—The ACF's nominations included tracts of private land, which would be entirely inappropriate and impossible to list on the Commonwealth list. Some of those have been assessed by the commission at its last meeting. I will just defer to Dr Reville.

Dr Reville—Senator, I would prefer to get the exact details for you on notice but a number of places have been put on the interim register of the National Estate. A number remain to be done. Some of those are concerned with potential land swaps and other things. The commission's perspective and policy on this issue for several years has been that, because the assessments involve cultural landscape values, they do need to be done in conjunction with the Norfolk Island community for many of those nominations. It has to be a very active and willing process in order to get the values assessed.

The commission's position for many years has been that it would prefer to do it jointly with the Norfolk Island government when the Norfolk Island government had its heritage

legislation passed and implemented, which is now the case. We hope to have a dialogue with the Norfolk Island government in the very near future about the future of the nominations generally and the heritage management on Norfolk Island.

Senator LUNDY—Are any sales of those places deferred pending the outcome of this process?

Dr Reville—I am not aware of that, Senator. We would have to check that on notice.

Senator LUNDY—Yes, take that on notice. Finally, in relation to land on Norfolk Island that is already on the Register of the National Estate, what progress has been made in assessing the land for inclusion in the Commonwealth Heritage List?

Mr Leaver—I expect some of those properties would represent some of the most outstanding Commonwealth heritage in Australia.

Senator LUNDY—They have already been transferred?

Mr Leaver—No, they are not transferred until the commencement of the new regime.

Senator LUNDY—But they have been assessed—the numbers we spoke of earlier?

Mr Leaver—They are just outstanding properties for Australia. Whilst they will be transferred as Commonwealth list places, I expect there would be keen interest in national list and indeed even World Heritage List nominations for some of these areas.

Senator LUNDY—They would be part of the implementation process. They have already been assessed as being eligible.

Senator WONG—Mr Beale, during the last estimates you and I had a reasonably lengthy discussion on NHT expenditure. I expressed some perhaps unfair disbelief that the expenditure would come in right on target. Do I understand the expenditure for 2002-03 was \$249,940 million and are you able to provide me now with the program details in relation to the four aggregated programs: Bushcare, Coastcare, Landcare, Rivercare? How much was expended in relation to each of those? I would like to confirm that this is correct.

Mr Beale—I am sorry, I may not have that.

Ms Schweizer—I have the percentages here of the expenditure against the four trust programs for 2002-03. If you want the actual figures that they translate into, I have them further back. It would take me five minutes to pull them off the database. In terms of expenditure, it was 39 per cent to the Bushcare program, 16 per cent to Coastcare, 23 per cent to Landcare, 20 per cent to Rivercare and two per cent to the remaining air waste program from NHT1.

Senator WONG—I would be grateful if, at some point prior to us leaving this place, you could give me the details in dollars.

Ms Schweizer—The actual cash equivalents? Yes, Senator.

Senator WONG—Thank you. What about from the end of the financial year to the end of September? Presumably you would have the details to the end of October.

Ms Schweizer—Of expenditure this year to date?

Senator WONG—Yes.

Ms Schweizer—For this financial year, I have total expenditure figures. I do not have a detailed analysis against the full programs, but that could be provided.

Senator WONG—You do have figures now of the total amount this financial year?

Ms Schweizer—Yes. As at 20 October we had expensed \$34,750,000.

Senator WONG—I think we had this discussion before about accrued or cash outflow. That is actual expenditure?

Ms Schweizer—Yes.

Senator WONG—Do you have some projected figures in terms of projects which have been approved but not yet paid?

Mr Beale—We expect to come in precisely on budget—

Senator WONG—I knew you would say that, Mr Beale! I walked into that, didn't I? I meant to date. Do you have a figure as to the value of projects approved but not yet spent, not yet paid out on?

Ms Schweizer—I do not have a single overarching figure. I do have some projections on a state by state basis and region by region basis. It varies as approvals are being made. For instance, we have some recommendations that have gone forward, we have some approvals that have been made but not yet announced, so it is difficult to provide a single figure.

Mr Beale—In addition, Senator, we will have projects that have been approved from past years whose expenditure flows over a number of years. Could we take that on notice.

Senator WONG—I am happy for you to take that on notice.

Mr Beale—To provide a stock of approvals?

Senator WONG—Could I also request the projects in respect of which these payments have been made in this financial year to date.

Ms Schweizer—Yes, we can provide that.

Senator WONG—Thank you.

Ms Schweizer—In relation to your earlier question, Senator Wong, I now have the actual cash figures against those percentages.

Senator WONG—Thank you.

Ms Schweizer—For Bushcare, which I said was 39 per cent, the expenditure was \$97,835,000. For Coastcare at 16 per cent, the expenditure was \$39,843,000. For Landcare at 23 per cent, the expenditure was \$58,611,000. For Rivercare at 20 per cent, it was \$49,473,000 and the two per cent against air and waste was \$4,178,000. I do hope that adds up exactly, but there might be a few rounding issues there.

Senator WONG—That is fine. Unlike with the AGO, I am not going to add them all up. I will take that as given. Could you take those other matters on notice? Mr Beale, in the annual report and also in your opening statement, you gave an explanation of the accounting problem in relation to NHT.

Mr Beale—Yes.

Senator WONG—I am not an accountant so I would be grateful if you could explain it again to me.

Mr Beale—Yes. Can I explain it in layman's terms, Senator?

Senator WONG—I would be most grateful if you could explain it in layperson's terms.

Mr Beale—Yes. The NHT Act made a provision that certain sums arising from and consequent on the sale of Telstra be transferred into the Natural Heritage Trust. The understanding that our department had, and the Department of Finance and Administration and the Auditor-General certifying officer was that, to give effect to the parliament's intention, that amount of money had to be appropriated and paid into the trust.

Senator WONG—Each financial year?

Mr Beale—Each financial year.

Senator WONG—Yes.

Mr Beale—And that was done.

Senator WONG—That is how you explained it in previous estimates, I think.

Mr Beale—Yes. Earlier this year the Auditor did a review of all special accounts. One of those special accounts was the Natural Heritage Trust. The Auditor looked again at the provisions of the act and reached the view, which was substantiated then by legal advice, that in fact that was not necessary; that by operation of the law—that is, the Natural Heritage Trust Act—those funds had been automatically appropriated in each of those years. What had occurred was that in fact by operation of the law the funds had been appropriated, then they had been further appropriated under an appropriations act. This then led to two conclusions—

Senator WONG—Did you get double?

Mr Beale—Yes. One is that the accounts should, properly presented now, have recorded—and this is what the annual report does—double the amount each year in the trust. Obviously that was not the intent of the parliament. We were advised by the Australian Government Solicitor—the Auditor-General sought independent advice from an eminent external lawyer who concurred with the conclusion of the Australian Government Solicitor—that in these circumstances what we ought to do is reverse the appropriation that had been made in error to precisely offset the sums that had been wrongly doubly appropriated.

The impact on the trust account then was the interest earned by the additional funds over that period—some \$25 million. At the end of the period the trust is \$25 million higher than we otherwise thought it would have been. There is no impact on expenditures from the trust in the past or in the future. I regret to advise you, as I did, that this is of course a breach of section 48 of the FMA Act on my part, to the extent that by failing to show these double appropriations we had failed to keep an accurate account of the trust.

Senator WONG—Mr Beale, thank you for that explanation. What I am confused about is—I understand everything after the first point—how, as a matter of operation of law, those funds are automatically appropriated? I assume that is the legal advice about the impact of the legislation; that there is no administrative act required, but—

Mr Beale—That is right. It is the equivalent of a standing appropriation apparently.

Senator WONG—Correct. But in actual money terms, that still requires the government to do that.

Mr Beale—I do not know to what extent this—although I did study law many years ago, I am neither a lawyer nor an accountant. Effectively the accounts have been retrospectively adjusted to say, ‘This is what, as a matter of law, happened,’ and then the amounts—

Senator WONG—These were actually standing appropriations.

Mr Beale—Yes. Then there is a reversal of that, again, apparently on a longstanding legal principle, to get rid of the dual application and the dual appropriation. The bottom line is that it then corrects the accounting reporting error that has no substantive impact on what actually occurred.

Senator LUNDY—You never had double the money in the bank account, did you?

CHAIR—Was it real or hypothetical?

Mr Beale—I think it is virtual, Senator.

Senator WONG—You never had \$500 million a year?

Mr Beale—No.

Senator WONG—Is it not just a change between a standing appropriation and an administered appropriation?

Mr Beale—Effectively, yes.

Senator WONG—Are we not just calling all those previous appropriations, which were administered, standing appropriations now?

Mr Beale—That is the net effect of the adjustment.

Senator WONG—Thank you.

Mr Beale—But the way in which the accountants and the lawyers wanted it presented is the way in which it is set out in the annual report.

Senator WONG—The adjustment, yes.

Senator LUNDY—It came down to the investigations of the Audit Office to discover that anomaly and, in fact, the anomaly which that fundamentally presented to the department of finance and their accounting of the overall finances of the Commonwealth. Was there any impact? I do not think you are in a position to answer, but my understanding is that this double accounting of this money did present an anomaly within the government’s accounts.

Mr Beale—Senator, you indicated that I was not in a position to answer your question.

Senator LUNDY—And I know I am right in making that observation.

Senator WONG—I would like to go back to the NHT, the real money. Do you have the latest cash balance figure for the trust? This shows to 2002-03.

Mr Glyde—You are after the balance as at now?

Senator WONG—Yes, which I do not think would be in this report.

Mr Glyde—No, it is not. It will only give you the balance as at the end of 2002-03.

Mr Beale—We only have an audited balance at the end of 2002-03.

Mr Tucker—Our updated figures are being audited at the moment. We will have those when the process is completed.

Senator WONG—Are they audited quarterly or monthly?

Mr Tucker—This is the annual audit in terms of our reporting of the figures.

Senator WONG—Do you have a monthly or quarterly figure that you can give me?

Mr Tucker—No. The 2002-03 would be the most recent proper results. We have our own assessments of how we are going on our expenditure.

Senator WONG—But you do not want to give them to me until they have been audited.

Mr Tucker—We would like to make sure they were audited figures.

Senator LUNDY—Can you take me to the page of the special account for the Natural Heritage Trust in your annual report?

Mr Glyde—It is pages 376 and 377. These are the financial statements for the department. This is a footnote to our financial statements which explains what has happened in relation to the movement and the balances of the trust. Mr Tucker is referring to the financial statements for the Natural Heritage Trust itself, which will be reported separately. The table on the bottom of page 377 shows the current status of the balance for 2002-03 as \$611,741,000. In the column headed 2002, it shows what Mr Beale was suggesting with the cumulative changes as a result of the interpretation of the accounting treatment: credits recognised for the first time of \$404 million and then reversed out; the correction of the misinterpretation, \$378,527,000.

Senator LUNDY—What happens to the notional interest made on the virtual amount?

Mr Beale—It stays in the account.

Mr Glyde—It is real interest, it is not notional, because of the operation of another section of the act.

Senator LUNDY—Even though the money was only virtual, you made real interest?

Mr Glyde—That is right.

Senator LUNDY—That is a bit of a lurk, isn't it? What are you going to spend that on? How do you make money out of thin air?

Mr Glyde—That is a good question to ask an accountant. The reality is that the amount of money that we can spend out of the trust is set by government—for instance, this year it is \$250 million; I think next year it will be \$310 million. What we do with the money does not change at all; it changes the balance in the trust.

Senator LUNDY—I appreciate that. The point about the interest is that it has to become real money at some point.

Mr Beale—Effectively what happens is that the trust balance is reduced to the point, when it reaches a statutory point, where you must maintain that balance. The balance will progressively go down until it hits the statutory level.

Mr Glyde—Then the government would appropriate money into the trust to keep the balance at the minimum level.

Mr Beale—At no point will this result, in fact, in more resources being available for the program. It is an accounting treatment.

Senator LUNDY—It is a very interesting concept, isn't it?

Mr Beale—Senator, I confess that it is beyond me. I have given you my best explanation.

Senator WONG—I would like to go to the announced foundation funding and priority projects, which I think are listed on your web site. Given that they have been announced, presumably the projects comprising each of the state and territory foundation funding and priority projects have either been paid out or have at least been approved. Is that correct?

Ms Schweizer—That is correct.

Senator WONG—Are you able to provide me with a list of the projects on the basis of federal electorate? I appreciate that some of them are statewide, so that would obviously not be possible.

Mr Tucker—We will see what we can do, Senator. Some of the regions are quite large and cut across many electorates—cut them in half at times; thirds; a quarter. They are across boundaries, because the regions are based on catchments rather than anything to do with electoral boundaries.

Senator WONG—Perhaps you could indicate which electorates would be affected.

Mr Tucker—We will have a go at that.

Senator WONG—Thank you very much. Mr Beale, are you happy for me to continue with Natural Resource Management?

Mr Beale—Yes, absolutely.

Senator WONG—I understand a request has gone out in relation to the evaluation of the first phase of the Natural Heritage Trust. Who is the evaluation team for consideration of those tenders?

Mr Tucker—Your question was who was targeted for that tender process?

Senator WONG—No, the evaluation team. Who is evaluating the tenders?

Mr Tucker—I would have to take that on notice because it does not close until 6 November, so we have not yet formed the team. It is only two or three days away, but we have yet to formalise the team when the documentation arrives.

Senator WONG—Are you proposing that the team be drawn only from the department?

Mr Tucker—From the departments that are involved. It would be ourselves and our colleagues from the Department of Agriculture, Fisheries and Forestry.

Senator WONG—Are you proposing that persons other than officials of those departments be involved?

Ms Schweizer—Possibly not. The overall steering committee that is managing the final evaluation of the first phase of the trust does have non-departmental people on it.

Senator WONG—Could you tell me who the steering committee is?

Ms Schweizer—I do not have all the names here, but we can provide them. I know we do have, for instance, a nominee from the Australian Landcare Council and there are a number of people outside of the two portfolios. We can certainly provide the names; I will check to see if I have them on disk.

Senator WONG—Can you clarify for me that the evaluation will not be conducted by the steering committee but by a team appointed by the steering committee?

Ms Schweizer—That is right.

Senator WONG—Will it involve any independent observers?

Mr Tucker—It will depend to some degree on the tenders as we receive them and assess them against the criteria of what we believe will be the best evaluation possible.

Senator WONG—Have you prepared the criteria?

Mr Tucker—We have the basic criteria that we use to assess all tender documents in terms of value for money and getting the objectives that we are seeking. We obviously will have specific criteria in relation to giving us the best advice and the experience of people to give us the best advice on evaluating the trust. They are fairly standard criteria. I do not see us inventing specific ones.

Senator WONG—Have you prepared that criteria?

Mr Tucker—They are standard criteria we use for all contract assessments.

Senator WONG—Have you prepared the specific criteria as yet?

Mr Tucker—I will have to check that, but I am pretty confident that we are using our standard criteria. We can take that on notice.

Senator WONG—Perhaps I misunderstood. I thought you were saying that you would have your standard criteria and then you might have more specific criteria in relation to this project.

Mr Tucker—No. I said I did not expect us to have more specific criteria.

Senator WONG—I'm sorry. I misheard you. Perhaps if you could take this on notice—the document setting out the criteria against which the tender will be assessed.

Mr Tucker—Yes, we will.

Senator WONG—Thank you. Is the department proposing to utilise any consultants for the purposes of evaluating the tenderers or the tenders?

Mr Tucker—No.

Senator WONG—Have any consultants been involved in the tender process thus far?

Mr Tucker—Not that we are aware of but we will confirm that.

Senator WONG—Thank you. I had some questions regarding land clearing.

Mr Beale—That was Land, Water and Coasts Division.

Senator WONG—I am sorry. I am talking about the proposed Queensland land clearing agreement. Was there not some NHT funding proposed for that?

Mr Beale—There is. Dr O'Connell is our expert on the Queensland land clearing proposal. As Deputy Secretary, Dr O'Connell oversees both groups.

Senator WONG—He traverses a range of areas. Has any funding already been approved from the NHT for the purposes of Queensland land clearing?

Dr O'Connell—There has been a notional allocation for the purpose but there has been no approval because there is no agreement yet on the way forward.

Senator WONG—I am looking through the *Hansard* from the last occasion. Can you remind me what the notional allocation is? Is it \$150 million?

Dr O'Connell—\$30 million to \$35 million has been held as potentially available from the Natural Heritage Trust. That is the amount that has been allocated as available should there be an agreement. That is related essentially to the biodiversity outcomes. There are also additional funds available from the Greenhouse Office's appropriation for greenhouse outcomes.

Senator WONG—The total package in the May announcement was \$150 million. Is that correct?

Dr O'Connell—Correct.

Mr Beale—That is Commonwealth and state.

Senator WONG—The \$30 million to \$35 million: when you say notionally allocated, has that been approved as expenditure? Is it section 8 of the act which prescribes the purpose?

Mr Beale—I do not believe it has been formally made an estimate by the NHT board, although in our future financial planning the board has had in mind that this would be a very useful way to spend those funds to support the biodiversity objectives. When an agreement has been reached, that would be the time when the legal steps would be taken.

Senator WONG—To appropriate the money.

Mr Beale—So the \$30 million to \$35 million is the indicative planning for that.

Senator WONG—Has the board, at least in principle, agreed to the allocation of \$30 million to \$35 million from the trust?

Dr O'Connell—For the allocation it has agreed to that, as required in the planning.

Senator WONG—When did that occur? That was prior to May, was it?

Dr O'Connell—I do not know the dates of that.

Mr Beale—It was prior to the announcement by the two governments of the proposal they were making.

Dr O'Connell—If you could provide me with the date on which that was considered by the board.

Mr Beale—I am not sure that it requires a board decision as such because it is not a legal appropriation. However, it is very clear that the two ministers reached that view and that was a view of the government as a whole.

Senator WONG—Can you remind me who are the members of the board?

Mr Beale—Formally, the members of the board are Minister Truss and Minister Kemp. In addition, it is normal for Minister Macdonald and Parliamentary Secretary Stone to attend.

Senator WONG—This announcement in May envisaged an agreement by July of this year. That was the original time line.

Dr O'Connell—I do not recall if it was specified as July but certainly the process that has been followed is one of now consulting with key stakeholders.

Senator WONG—There is no agreement as yet.

Dr O'Connell—No. The consultation process with AgForce and QFF is still continuing.

Senator WONG—Has the government now received three letters from the Queensland government seeking a resolution to the land clearing issue?

Dr O'Connell—I would have to take that precise number on notice. I am not sure if that is what the correspondence has been. I do not recall three letters.

Mr Beale—To be fair, we should take that on notice, Senator, because this exercise is being coordinated by the Department of Prime Minister and Cabinet. Correspondence is likely to have been between the Premier and the Prime Minister so I feel uncertain about answering.

Senator Ian Macdonald—You want to be careful about the description of the correspondence. There is correspondence, but what term did you put? Offers from Queensland or something. I am not sure that you would put that description.

Senator WONG—When does the government envisage an agreement with Queensland being finalised, given that it is now six months after the announcement?

Dr O'Connell—That is a matter for ministers.

Mr Beale—Senator, it would be better if we were to address these questions to the department which is leading this exercise, the Department of Prime Minister and Cabinet.

Senator Ian Macdonald—Suffice to say there are negotiations continuing with stakeholders and the Queensland government, aren't there?

Mr Beale—The Queensland government has been participating in that provision of information and support to the stakeholder negotiations. However, this is really better directed to the Department of Prime Minister and Cabinet.

Senator WONG—There are a number of exemptions in the Queensland proposed agreement which we discussed at length on the last occasion. I do not propose to go back into that, but in terms of the area of land in respect of which permits to clear had already been given prior to the moratorium, wasn't that about 740,000 hectares?

Mr Beale—Yes, Senator.

Senator WONG—In the last six months is the department aware of how much land has been cleared out of that 740,000 hectares?

Dr O'Connell—No, I am not aware. I would have to take that on notice.

Senator Ian Macdonald—These figures that you are holding are figures of the Queensland government. We could try to get them from Queensland to be of assistance to the committee.

Senator WONG—My recollection was you had done a mapping process of Queensland in relation to this agreement.

Senator Ian Macdonald—All the data is Queensland's, isn't it? All the permits are issued by Queensland. All the clearing is overseen by Queensland. To a very great degree, any information and figures we have would be material given to us by Queensland.

Dr O'Connell—If what you are looking for is month by month clearing figures mapped, we do not have that.

Senator WONG—It is my recollection on the last occasion you were talking about there being a fair bit of communication at that level between the Commonwealth and the Queensland departments. What I am asking for is any information you have about land clearing which has occurred under those already granted permits in the period between the announcement and to date. Thank you.

Senator Ian Macdonald—We will ask Queensland. We do not have the information.

Dr O'Connell—What we will do is provide you with the information if we have it, which I am not sure that we do. We will take it on notice to the extent that if we have the information we will provide it to you.

Senator WONG—Thank you.

Dr O'Connell—And obviously if we do not have the information we cannot provide it to you.

Senator WONG—Do I understand that Prime Minister and Cabinet are leading the negotiations with Queensland on this issue?

Dr O'Connell—That is correct.

Senator WONG—Presumably Environment Australia is involved.

Mr Beale—Yes. Dr O'Connell is participating in one of the subcommittees.

Dr O'Connell—There is just some component work going on and I participate in one part of that in relation to the biodiversity and of-concern vegetation issue.

Senator WONG—How many bodies are negotiating?

Senator Ian Macdonald—There is one Commonwealth body negotiating.

Dr O'Connell—There is the task force, which is led by Prime Minister and Cabinet. That is the only body. There is a formal consultation process between the Australian government and AgForce and QFF. The task force then has a couple of working groups which work to it, which are looking after just the technical aspects; there is no component in that which is looking to provide any alternative ways of dealing with things. There is a single task force which is the primary—

Senator WONG—And there is no EA representative on the task force?

Dr O'Connell—There has been. I attended one meeting of the task force, and then of course the Greenhouse Office is involved in that exercise as well, to the degree that there are the greenhouse outcomes.

Mr Beale—The formal answer, Senator, is that we are not members of the task force.

Dr O'Connell—No. I have attended a meeting of the task force but I am not a member of the task force.

Senator WONG—You are a member of the subgroup that is dealing with biodiversity only?

Dr O'Connell—Yes.

Senator WONG—When did the subgroup last meet on this issue?

Dr O'Connell—I would have to take that on notice. There have been several meetings of the working group under that task force.

Senator WONG—Is there is no time line, Minister, that you can appraise us as to when we are likely to see this agreement come to fruition?

Senator Ian Macdonald—Obviously the Commonwealth is very keen to see a resolution. We have been for some time. In fact, the Prime Minister has taken a personal interest in this. But we do want to consult with stakeholders and those directly involved. That has always been the Commonwealth's approach, and we are working through this as quickly as we possibly can with stakeholders and with the Queensland government. Certainly it is our intention to get to a resolution, but things have to take their course.

Senator WONG—But this was announced in May. Are we any closer to getting an agreement, Minister?

Senator Ian Macdonald—Every day takes the process a step closer to its ultimate conclusion.

Senator McLUCAS—Senator Wong's question was about agreement, not conclusion.

Senator Ian Macdonald—If we could guarantee agreement, we would have done it back in May. Obviously we are working to a conclusion and we hope to get there as soon as possible.

Senator WONG—You would agree, wouldn't you, that the delay is problematic, because one could obviously have further clearing occurring?

Senator Ian Macdonald—To be absolutely frank, there is only one group that can legally do things in relation to land clearing in Queensland, and that is the Queensland government. The Commonwealth has no constitutional or other authority whatsoever. The Queensland government can do something tomorrow should it so choose. We hope it would not and we have worked with them on that basis. They have put in place a moratorium. As the land managers, they are the only ones that can do that, so it is a consultative process with the stakeholders and with the Queensland government. The Commonwealth seeks certain outcomes in relation to biodiversity and greenhouse gas.

Senator WONG—And consultation with the group you mentioned: QFF.

Senator Ian Macdonald—Yes. We seek outcomes in biodiversity and in greenhouse gas emission reductions. Queensland has other goals, but together we hope we can come to a conclusion. If it does not have all the stakeholders exactly 100 per cent on side, hopefully we can get to some conclusion that is a good outcome for everybody: for Queensland and its goals, for the Commonwealth and its goals and for the stakeholders and their interests.

Senator WONG—I think Senator McLucas has some further questions on NHT.

Senator McLUCAS—Natural resource management.

CHAIR—What about the Heritage Division?

Senator WONG—I think Senator Lundy had one question.

Senator LUNDY—Yes, if I could do that, then I think we have finished with the Heritage Division. I have some questions for the Heritage Commission. First of all, going through the annual report I noticed that you provided advice to the National Capital Authority in relation to the Aboriginal tent embassy and in particular the removal of a fire-damaged structure. I think it was referred to the commission by the National Capital Authority for advice under section 30 of the Australian Heritage Commission Act. What was the advice that the Heritage Commission provided to the National Capital Authority and can you provide all correspondence between the commission and the NCA in relation to this matter?

Mr Beale—I think Mr Leaver can answer that, and I think his advice has already been provided publicly. Is that correct, Mr Leaver?

Mr Leaver—Indeed. The advice related to the removal of the fire-damaged structure at the tent embassy and the first stage the commission took in its deliberations was to have a careful look at the statement of significance for the tent embassy listing. The tent embassy listing is not a stand-alone listing. It is one of these multiple listings that I referred to earlier, being part of the overall parliamentary vista listing, which of course includes Old Parliament House, the Burley Griffin access, and the other features and structures of the parliamentary area. That was the first complication.

Senator LUNDY—Is that under the new system or the old system?

Mr Leaver—The old system. This is the Register of the National Estate.

Senator LUNDY—It is part of a multiple listing?

Mr Leaver—Yes. The building was not part of the listing.

Senator LUNDY—The building wasn't?

Mr Leaver—It was the site. It recognised there were various structures of a transitory nature that reflected the use of the site. The listing related to the importance of the site as a site of protest; a site of historical importance in the context of the Aboriginal land rights movement; the original tent embassy site and its relationship with the McMahon government, I think, remembering the history, and then of course through the Whitlam government it became a focus for protest for political expression; a site of education for others visiting the area about the Aboriginal land rights cause. The essential heritage values of the site as detailed in the statement of significance were to recognise the role of that site as a site of protest and education. As I said, the structures were regarded as transitory. In terms of the

actual statement of significance for the site, the presence or the absence of the burnt-out structure was not a key component of the heritage value.

Senator LUNDY—The shed?

Mr Leaver—Yes.

Senator LUNDY—We are talking about a shed here.

Mr Leaver—Yes, a container.

Senator LUNDY—The one with the Aboriginal Embassy sign on the door?

Mr Leaver—Yes, that is right, the burnt container.

Mr Beale—If I recollect, it was a shed transported there after its use as a protest site in relation to the Timor protests outside the Indonesian Embassy. It was not a structure that was part of what might be thought of as the original tent embassy.

Senator LUNDY—Why has that listing never been updated to include the actual physical shed that constitutes what we all know to be the tent embassy now?

Mr Leaver—It was never updated to do that. The listing is not designed to list the structures; it is to list the site and its historic context. Having given the advice that the removal of the fire damaged shed was not necessarily a fundamental element of the listing of the site, we certainly drew the National Capital Authority's attention to the important historic nature of the structure, albeit the fact that it was not part of the listed values of the site. The authority undertook to ensure that structure was properly curated—I think is the term—properly located at a site where it could be preserved.

Senator LUNDY—Was that your subjective assessment, or the NCA's?

Mr Leaver—We were aware, as Secretary Beale said, of the historic linkages of that particular structure and we drew those to the attention of the authority.

Mr Beale—Did it go to the museum?

Mr Leaver—I think it is warehoused at the moment. There were discussions of whether it goes to the museum. That was the nature of our advice.

Senator Ian Macdonald—When was the original container actually put there? Mr Beale mentions Timor but what was the date? Was it about 10 years ago?

Mr Leaver—1992.

Senator LUNDY—I am very interested because technically the physical temporary building there was never part of the listing.

Mr Beale—There have been, over many years, a number of buildings.

Mr Leaver—The listing, as I have said, recognised the transitory nature of the structures.

Senator LUNDY—Indeed, as they come and go. Would that mean that while there was one there, it was covered?

Mr Leaver—I am sorry?

Senator LUNDY—If the listing recognises the transitory nature of the structures—is that what you just said?

Mr Leaver—Yes, but there is—

Senator LUNDY—So would it not recognise—

Mr Leaver—No, not the heritage value. A structure does not become an important heritage item merely because it turns up on the site. The use of the site and its historic context are the heritage values for the area.

Senator LUNDY—Can you tell me what the implications are for the heritage values of that place when it is transferred to the new system?

Mr Leaver—The Aboriginal tent embassy site?

Senator LUNDY—Yes.

Mr Leaver—I would expect it would be listed for its values, as it is listed at the moment.

Senator LUNDY—Has it already been transferred?

Mr Leaver—No. It will not transfer until the six months have commenced—

Senator LUNDY—I know that, but have you assessed it for transfer?

Mr Leaver—I am not sure.

Senator LUNDY—Is it one of the 80 still to be assessed?

Dr Reville—The properties which are Commonwealth properties we have been going through over the past few years to upgrade within the context of the Register of National Estate. Whether the Australian Heritage Council and the minister believe they have Commonwealth heritage values is a decision that the minister will have to take. The actual tent embassy area itself has not needed to be reassessed because it is still a relatively recent assessment in the first place. I think it was in the nineties that it was done. The tent embassy is actually part of the Parliament House vista. It is actually the registered area and the Parliament House vista has been upgraded as new elements have been added, such as the High Court and the National Gallery, over the past couple of years.

Mr Leaver—It would be in a condition now for recommendation to the minister that he consider transfer to the Commonwealth Heritage List.

Senator LUNDY—Along with the 380 others.

Mr Leaver—Yes.

Senator LUNDY—When are we likely to know whether the minister is going to accede to that proposal to transfer it?

Mr Leaver—That is up to the minister.

Senator LUNDY—Can that occur before commencement of the act?

Mr Leaver—No, there is nothing to transfer until we have an act to transfer. The Commonwealth heritage places are created—

Senator LUNDY—It has to be after.

Mr Leaver—Yes, within six months, but they are still protected. I want to emphasise that.

Senator LUNDY—Yes, I appreciate that. I would like to ask the minister whether it is the government's intention to in fact transfer that.

Senator Ian Macdonald—I have no idea.

Senator LUNDY—Can you take it on notice?

Senator Ian Macdonald—We will certainly take it on notice, Senator.

Senator LUNDY—Because I would expect so. Another issue that came up in the discussion in the chamber, when debating the bill for heritage protection, related to the water police headquarters in Yarralumla. The commission provided advice to other agencies on their disposal. What was the advice provided and to whom?

Mr Leaver—I defer to my colleague, Dr Heffernan, who was discussing this matter earlier. Let us hope it is a simple answer, but the question of designated land and non-designated land within the ACT has been a challenge for us all.

Dr Heffernan—I can answer part of the question but the detail would have to be taken on notice. It was, I understand, a matter of disposal of Commonwealth property.

Senator LUNDY—Yes.

Dr Heffernan—Typically the commission, in those circumstances, provides advice to the relevant agency, which I recall in that case was the Department of Finance and Administration. The advice was that an assessment be undertaken because the place was considered by officers of the department to be a place that might have heritage values, therefore it would be investigating a bit more to see if it did have those values. I understand that DOFA took that advice and had an assessment undertaken of its heritage values. Subsequent advice suggested that the report be provided to the ACT government so it would be considered for listing in the ACT Heritage Register. If it did transfer in status to a place where it would no longer be protected by the Commonwealth heritage framework, it would be automatically picked up by—

Senator LUNDY—Because it was no longer Commonwealth land?

Dr Heffernan—That is right. If it no longer fell under any of the categories of land that would have Commonwealth protection through the AHC process—that is, as Mr Leaver said, if it is designated land the commission is involved because it provides advice to the NCA with respect to approvals that the NCA is required to give with respect to designated land. If there are further details you would like, I could provide those on notice.

Senator LUNDY—Yes, if you could take that on notice. But because it is designated land, the NCA reserves the right to have a very significant say in any works approvals that take place on that land, so effectively a Commonwealth authority will still have control over any changes that now occur, as far as works approvals go. I just raise it as an interesting question about the loss of Commonwealth heritage protection but the retention of the National Capital Authority to de facto preserve the vista which is that particular point on the water of Lake Burley Griffin. It is not a problem for you, but a very interesting one. Could you undertake to provide all correspondence in relation to that and any background surrounding the timing of that decision and a time line with the advice in relation to the sale of that asset as far as you are aware?

Dr Heffernan—Yes, we can certainly do that.

Senator LUNDY—I have one more question to Mr Beale, as a member of the commission. Is there any advice that the commission has received or representations the commission has received with respect to the Aboriginal tent embassy conceivably not being transferred to the new heritage list?

Mr Beale—No.

Senator LUNDY—It is reasonable to assume that that will occur without any problem?

Senator Ian Macdonald—What does the act say?

Senator LUNDY—The act says it is a ministerial decision, Minister.

Mr Beale—I do not think the commission has any role in that.

Mr Leaver—The commission no longer exists, with the commencement of the act.

Senator Ian Macdonald—I think I have taken on notice, if it is a ministerial decision, to refer it to the minister.

Senator LUNDY—Thank you.

Senator McLUCAS—I asked a question on notice to the Minister representing the Minister for the Environment and Heritage about the appointment of a range of Commonwealth National Resource Management facilitated positions; then there were Indigenous Land Management facilitated positions and some state based or regional NRM positions.

In the answer to the question, the minister said:

Also advertised were 48 regional NRM facilitators ... The regional NRM facilitators will be jointly supported by the Australian Government and the States and Territories from both the National Heritage Trust and National Action Plan ...

Can you give me an explanation of what that means? The words I am particularly interested in are 'jointly supported by' the Commonwealth and the states and territories. I am trying to understand what 'supported' means, given that you are saying it is from both NHT and NAP.

Mr Tucker—Senator, in relation to what the phrase 'jointly supported' under the national action plan and National Heritage Trust means, you probably recall that under the national action plan we have a dollar for dollar matching basis with the states. Where we are using national action plan funds to support those positions, that would be on a shared dollar for dollar basis with the state. Where it is National Heritage Trust funds, we have a matching arrangement which does not necessarily have to be cash. It can be in kind arrangements. It would be slightly different, depending on the source of the funds that we are using for the positions.

Senator McLUCAS—Explain then to me how a state would support the establishment of a regional NRM facilitator if they are not putting in cash.

Senator Ian Macdonald—Very good point.

Mr Beale—For example, it could be office accommodation.

Senator McLUCAS—It is a question, Minister, not a point.

Mr Tucker—Certainly it could be office accommodation, a vehicle, stationery, simple things, telephone usage; those things do cost.

Senator McLUCAS—There is a range of regional NRM facilitators, 48 in fact. How many are in each state?

Mr Tucker—I have a table here, Senator. We can read it out or perhaps what might be best is provide it on notice.

Senator McLUCAS—It would be nice if you could provide that but, just for speed, could you tell me how many are in Queensland?

Mr Tucker—We are still in the process of going through the finalisation of recruitment. We also have a recent decision by the board ministers to fund some additional positions, so we are still acquiring the full suite of facilitators and coordinators that we will be using through the National Heritage Trust and the national action plan. In terms of Queensland, we are still working through them but these are the proposed numbers: four Australian government NRM facilitators for Queensland as a whole; three Indigenous Land Management facilitators; a local government facilitator; nine regional facilitators and we have an expectation that there will be approximately 100 local-level facilitators employed through regional bodies in the state.

Senator McLUCAS—Sorry, 100 local government facilitators?

Mr Tucker—No, 100 local-level facilitators. They are with local communities. They often will sit with local projects or particular local interests in regions.

Senator McLUCAS—Just so I am clear, Mr Tucker: 100 local-level facilitators across the nation or in Queensland?

Mr Tucker—Across Queensland.

Senator McLUCAS—Good employment strategy! Let me go first of all to the local government facilitators. That position was not identified in the answer to my question. Is that because that is a newly identified position?

Mr Tucker—As I said before, Senator, when the board took the original decisions it became apparent that there were some gaps. Ministers considered what more could be done to plug those gaps and that could very well have been one of those areas. They were old environmental resource officers positions with local government under the previous arrangements.

Senator McLUCAS—With LGAQ?

Mr Tucker—Yes. It was with a local government body in Queensland. I assume it was that particular government body.

Senator McLUCAS—What Commonwealth support was there for the funding of the environment resource officer that we think was with LGAQ?

Senator Ian Macdonald—It was funded out of NHT1, wasn't it?

Ms Schweizer—No, it was not.

Mr Beale—It was a terminating program.

Mr Tucker—It was, yes. It was a joint funding arrangement with the Local Government Authority of Queensland and we looked for a similar arrangement.

Mr Beale—They then made a bid under the NHT when the funding under the old program ran out and that bid was approved.

Ms Schweizer—The roles and responsibilities of the ERO position have changed from being an environmental resource officer to be part of the NRM facilitation network, tackling both environmental and natural resource issues, so it is not just a rollover of the position.

Senator McLUCAS—That one, for example, will still sit within the building of the Local Government Association of Queensland.

Mr Tucker—I am pretty sure that is correct. We will have to confirm that for you. One of the things it is important to realise is that we have had a change in the focus and implementation of natural resource management programs, moving from the first stage of the National Heritage Trust to the second. It is much more focused at the landscape/catchment regional level. What we will have is changes in roles and responsibilities of people, some of whom were perhaps facilitators in the first stage of the trust. As we mentioned, there will be some changes in duties and expectations of that particular position. That will probably sit across virtually all the positions that we are now entering into with the states. In terms of the roles and the sharing arrangements, we can get the details of that for you.

Senator McLUCAS—You talk about the nine regional facilitators that I dare say are going to be jointly supported by the Commonwealth and the state.

Mr Tucker—I was just reminded that in other states we have sharing arrangements but in Queensland the Commonwealth is fully funding those positions.

Senator McLUCAS—Who will those regional facilitators report to?

Mr Tucker—They report to the regional bodies. They also have strong and regular relationships back with what we call our state teams. We have a Queensland team that is helping support the regions. We will have regular contact between that state team and those nine members. Again in Queensland we actually have a third party that is managing the arrangements for us. It varies from region to region. They are reporting to a regional body with close contact back to the Australian government.

Senator McLUCAS—Are the regional bodies called Commonwealth regional NRM teams?

Mr Tucker—No. The Commonwealth regional NRM teams are us. There are other people that work on those and, as I said, we actually have a Queensland team that they interact with regularly.

Senator McLUCAS—Prior to this new program occurring, did we essentially have approximately nine or so people actually employed doing the work that they are going to do, with slight variations?

Mr Tucker—No. As I mentioned before, one of the things we have is with the change in the way we are delivering the first stage of the National Heritage Trust, compared to the second, we will have different roles and responsibilities. In the first phase of the trust, many of our facilitators and coordinators linked up with the particular labels, such as Bushcare,

Waterwatch, Landcare and Coastcare. They were associated with assisting relatively small community groups with particular interest activities in following those lines of interest in the environment.

Under the new phase of the trust, where we are moving more to delivery, it is about not only using the local-level enthusiasm and support for projects but making sure that we actually make investments and decisions that give us that landscape-scale change. To assist us in that, one of the things that the government believes will help is getting facilitators at that regional level who can work with the regional bodies. It is quite a new feature, that particular component.

Senator McLUCAS—The 100 or so facilitators are people who were previously employed with local Bushcare organisations or with Landcare or Coastcare?

Mr Tucker—That is highly likely. Under the new arrangements we expect the regional bodies to work through the most appropriate support they need at that local level. It is highly likely that a number of people in the past who worked on Landcare, Waterwatch or Coastcare arrangements are likely to continue those roles.

Senator McLUCAS—Previously the Commonwealth was providing funding directly to a Coastcare organisation and they would employ a facilitator who would organise that group, do the water collection, data collect—all the sort of work that that care group was doing. We are now not funding that position. We are funding—

Mr Tucker—Regional bodies.

Senator McLUCAS—a regional body. I am trying to work out how those 100 or so facilitators are going to be employed and who they report to?

Mr Tucker—The view is that regional communities best understand their needs in terms of facilitators and coordinators to help improve the environment and sustainable natural resource management and to make change at that landscape scale. Therefore the regional bodies are the best bodies to determine those needs in their regional plans and investment strategies that will be accredited by both the Queensland government and the Australian government, and the employers will be those regional bodies in accordance with the priorities determined and accredited in their plans.

Senator McLUCAS—Potentially we will have a situation, though, where some currently existing Landcare, Coastcare or Bushcare—whatever—organisation will not have a funded facilitator?

Mr Tucker—The recent announcement by ministers in relation to Coastcare, Bushcare and Waterwatch was that there was a recognition that that could be a potential scenario. In the transitional arrangement of moving from the first way we did business under the first stage of the Natural Heritage Trust to the second way, ministers have allocated some additional funds to make sure that we plugged those gaps in the first instance, and there is an expectation that they will be picked up in full once we have the maturity in the regional plans.

Senator McLUCAS—How do people apply for that additional money?

Mr Tucker—In the first instance, we are doing an analysis of where the problems are in each of the regions, and we will provide advice back to ministers. We will be talking to the regional bodies and to our contacts that we have in the community.

Senator McLUCAS—I thought these people were pretty well close to being employed. Under the new program, I thought the people were employed.

Mr Tucker—Most of them are. There are still some that we are working through. There was an announcement recently by ministers to employ an additional 35 facilitators to fill those gaps that they said they also have recognised.

Senator McLUCAS—Are the extra 35 local facilitators or regional facilitators?

Mr Tucker—Principally local, but there could be one or two regional, depending on how it works out.

Senator McLUCAS—When the government announced the new program of employing facilitators, both nationally, state based and locally, was there any opposition to that from any of the stakeholder groups?

Mr Tucker—I think it is fair to say that people were very keen to see how the new arrangements would affect them and wanted details as soon as possible. Recognising that, the government in the first year of the extension continued on the positions for another year to allow that to be worked through. There was also a public discussion paper put out, as to what the best arrangements may be, and we got a lot of comment from some of the existing groups and we also met with a number of them. There were about 192 submissions that we received. We went through quite an extensive public consultation process. It was a year where transitional arrangements were made, where people were able to continue in those positions and they certainly were able to put their voice to the government in the way the future should be designed. That was all taken into account in designing the new arrangements.

Senator McLUCAS—In the answer to the question on notice that I received, the minister advised that an organisational planning chart had not been created. Is that finished now? Is that complete?

Mr Tucker—An organisational chart for the way we are administering the new arrangements?

Senator McLUCAS—Yes, I asked the question:

Can an organisational chart for the positions be provided showing how they will report to the department.

And the answer was that it had not yet been created. Has that work happened?

Mr Tucker—I am just trying to make sure I understand your question. It is an organisational arrangement about how the facilitators and coordinators out there interact back with the department?

Senator McLUCAS—How they interact both with the community and where the lines of reportage are.

Mr Tucker—We can provide some material on that for you. I should also let you know that last week we had a national workshop and 100 facilitators across the country came. One

of the key items of that workshop was to work with them to articulate those arrangements and those interactions. It is still an ongoing arrangement, but we can certainly provide you with what we have.

Senator McLUCAS—Just going back to whether or not there was any opposition to the new organisational structure, what was the view of the Queensland government to the proposal?

Senator Ian Macdonald—The first question is: did the Queensland government make a formal submission to us in relation to it?

Mr Tucker—I would have to take that on notice. I do not recall off the top of my head. What I do know is that I ran a Commonwealth-state group—all states did talk this through—and Queensland participated in that process and they also gave their views. It was some time ago now. Nothing sticks in my memory as particularly a vehement view from the Queensland government, but we can certainly go back and check if they made a submission,

Senator McLUCAS—Could you do that, and also, if there was concern, the nature of that concern that may have been expressed.

Senator Ian Macdonald—And what funding the Queensland government previously contributed to these people—although I think the answer to that is pretty simple, isn't it, and that is zero—and what funding they are going to contribute now would probably be an interesting question, too. Why the Queensland government would have a view about—

Senator McLUCAS—You could come and sit here, Minister. This is where we sit, and I could sit there. We could just swap over.

Senator Ian Macdonald—I am really saying to you: why would the Queensland government's view be of any interest? They got a lot of work done that Queensland public servants used to do at the Queensland government's expense. They now have that done by people employed entirely by the Commonwealth, so I guess if anything interfered with the cosy arrangement from Queensland, they would have been unhappy.

Senator McLUCAS—I would like to listen to what the Bushcare people the Coastcare people and the Waterwatch people are saying. They will be interested in reading that *Hansard* as well, Minister.

Senator Ian Macdonald—I do not quite understand, but I do not know what that has to do with the Queensland government, who really had nothing to do with it. They were not paying anyone; they were just using them.

Senator McLUCAS—I have a series of questions on NHT Cape York. Thank you for the answers to questions that you provided from last time. There was a table. I do not know if you have it in front of you but there was quite an extensive table.

Mr Tucker—We do, Senator.

Senator McLUCAS—I just want to confirm that the title of the table is 'Approved NHT dollar payments to Queensland government'. That is the total expenditure. I understand the way the money travels but I just want to confirm that that is total expenditure from the \$40 million.

Mr Tucker—What was the last part of your question there, Senator? We have the table in front of us.

Senator McLUCAS—The title to the table is ‘Approved NHT dollar payments to the Queensland government’. Does that describe the total allocations and therefore expenditure to the whole program? I know it adds up to \$40 million.

Mr Tucker—That is the total program, NHT1, for that part of Cape York.

Senator McLUCAS—I notice that in 1(ii) we still have \$7½ million sitting there out of \$8 million that was allocated in 1998-99. Is there an explanation from the department as to why that money is still there?

Mr Tucker—Can I just confirm which item you are talking about?

Mr Beale—That is item 1 (ii), a total allocation of \$8 million and total unexpended funds of \$7,508,667.

Mr Tucker—The reason that is unspent is that we have not been able to reach agreement with the Queensland government or with the land-holders involved in its expenditure.

Senator McLUCAS—Or the land-holders involved?

Mr Tucker—We have not been able to reach an agreement with all the parties in terms of its expenditure.

Senator McLUCAS—What do you mean by ‘the land-holders involved’?

Mr Tucker—I will make sure I am talking about the right one.

Senator McLUCAS—It is the enhancement of extended network of protected areas.

Mr Tucker—Some of those potentially are private property in terms of purchase—private property for inclusion in the reserve system. You probably know better than we do about the progress that has been difficult in some of those areas. We are still to get satisfactory arrangements to progress a number of activities into the cape with the Queensland government.

Senator McLUCAS—We are going down this dry gully again. Why is the department still saying that you need to get support from someone who wants to sell their property to you?

Mr Tucker—The minister alluded before, in answer to a different question, to the fact that the government that can responsibly do this, which has the power to do it, has to be a state government. We have to work with the Queensland government to take these measures.

Senator McLUCAS—Last time I also asked for a list of the properties that the state had purchased over that period of time. I recognise that it was not taken as an on notice question; I understand why, and I am not going to pursue it. If you compare the land that has been purchased by the Queensland state government over that same period and the \$143,000 that has been spent by the Commonwealth over that period, it just does not ring true.

Senator Ian Macdonald—That is not a question.

Senator McLUCAS—The answer to the question was that agreement could not be reached with the state or with the land-holders. It just does not jell for me. That is not an explanation about why you cannot spend \$7½ million.

Senator Ian Macdonald—Do you have a question? They are comments. I think you are saying it does not ring true to you. What can we do about that?

Senator McLUCAS—What discussions have you had with the state in order to come to agreement about arranging the purchase of land on Cape York?

Mr Tucker—I think it is fair to say that things have not moved on very much since the last time we spoke to you on this. There have been discussions at very senior levels on trying to progress arrangements in Cape York and they have not progressed much further than the previous arrangements.

Senator McLUCAS—What will happen with that \$7½ million at the beginning of NHT2?

Mr Tucker—NHT2 has begun.

Senator McLUCAS—Is that money being transferred into NHT2 under a program that goes to an enhanced and expanded network of protected areas?

Mr Tucker—The government's \$40 million commitment still remains; it is still there.

Senator McLUCAS—Will \$7½ million be allocated to a program that goes to land acquisition?

Mr Tucker—All I can say is that there has been no change, no decision of government to change what is currently before you in that table.

Senator McLUCAS—We can expect that \$7½ million will move over into NHT2 with the label 'land acquisition'?

Mr Tucker—It is still there; there has been no change. Potentially there could be some future decision, but at this moment that is still what is required of us.

Senator McLUCAS—The second item is strategy No. 2 which is 'enhancing Cape York protected areas'. What was the purpose of that program?

Mr Tucker—I would have to take that on notice, Senator. I am not familiar with the detail of that.

Senator McLUCAS—Could you also explain then why none of it was spent?

Mr Tucker—I think the explanation for that would be similar to the explanation that I gave for the previous item. We have a real issue in working through these matters with the Queensland government.

Senator McLUCAS—You may or may not be aware of the criticism that is levelled often at state governments for not putting enough money into protection of national parks and whatever. I understood that that was the purpose of No. 2—enhancing Cape York's protected areas—and yet nothing has been spent from that program at all: if you would like to give me some understanding about why that money has not been spent, not a penny.

Mr Tucker—We will do that in detail on notice, Senator. The broad overriding issue that I mentioned before is still paramount.

Senator McLUCAS—Thank you. The last one I want to go to is 'controlling feral animals and weeds'. I see from here that that has been overspent by about half a million dollars.

Mr Tucker—Yes, that appears to be the case.

Senator McLUCAS—Does that mean that money has to be found from other programs in the \$40 million Cape York NHT?

Mr Tucker—That is highly likely, in the first instance.

Senator McLUCAS—Do you know where that half a million dollars will come from?

Mr Tucker—There has been no decision or allocation at this stage, or movement, of the funds within the \$40 million.

Senator McLUCAS—That will be made by the new committee when they are trying to balance their budget at some point? Who is going to make the decision about where that half a million dollars will come from?

Mr Tucker—Our expectation is that we will take it to the ministerial board for their consideration.

Senator McLUCAS—What does that mean?

Mr Tucker—It would go to the NHT ministerial board for them to make a decision on where they wished, as ministers, to move the funds around within that envelope.

Senator McLUCAS—Thank you for that explanation. I would like to ask a question on policy coordination, please. It is one particular program called Grants to Voluntary Environment and Heritage Organisations. Can you give me a rundown of that program, because I do not have the budget papers in front of me.

Mr Glyde—It is a program that has been running since 1975. It provides grants to voluntary environment and heritage organisations. It is on the basis of annual application and provides a contribution towards their running costs for those organisations. The minister announced last year, I think, that there would be a review of the program and we have been in the process of conducting that review. The minister is now in the process of considering the allocation of the program funds for the 2003-04 year.

Senator McLUCAS—What was the purpose of the review—to evaluate the effectiveness of the allocation of money?

Mr Beale—Indeed, Senator. This was a very significant program for these organisations when it was introduced in 1975. To give you a sense of perspective on it now, we are talking about funds in the order of \$1 million—I cannot remember precisely. In terms of tax deductibility, environmental organisations collectively receive over \$51 million in tax deductible donations in 2001-02 and, similarly, tens of millions of dollars in other direct grants. This is a very small program with a relatively high administrative cost and the minister wanted us to review it to see how we could best focus such a small amount—relatively speaking—of funding to best effect. He has been provided with that advice and is making his decisions and conclusions and I expect an announcement shortly.

Senator McLUCAS—Some of these moneys that are sent are quite small.

Mr Beale—They are. They are very small individual grants. In some cases the cost of administering them is probably nearly as much as the individual grants.

Senator McLUCAS—You could not increase them to what they were about three years ago.

Mr Beale—And yet, at the same time, for some organisations—and I think particularly of the conservation councils—they can be quite significant because they are not major receivers of these big sums of money that some of the other organisations are.

Senator McLUCAS—So the reviews looked at the importance of not the state based conservation councils so much, but the importance of the regional ones.

Mr Beale—It has looked at everything; at all of them.

Senator McLUCAS—Yes. It is November now and usually those moneys are paid fairly early. As you said, they are seemingly small in the Commonwealth budget.

Mr Glyde—In fact, they are usually paid out in the first part of the calendar year, so normally they would go out about January.

Senator McLUCAS—They usually go out in January.

Mr Glyde—So I think we are still within the average time.

Senator McLUCAS—You are still within that window, so people can plan.

Mr Glyde—Yes.

Mr Beale—It is a sort of January to January time frame.

Senator McLUCAS—If the recommendation is to change funding arrangements, especially to small organisations, will there be an opportunity for support to be given, especially if those organisations have to be closed down?

Mr Beale—I cannot really comment on the nature of the minister's conclusions. He will advise—

Senator McLUCAS—Certainly. I am not asking what the review said. I would love to know and all the rest of it, but I cannot ask that question. The question I am asking is: has there been consideration given to the net effect of essentially defunding organisations, especially very small ones? You have to look at redundancies, you have to look at—

Mr Glyde—Essentially what we have done is put in the review options that relate to giving zero funds and giving funds at the current levels. We have canvassed those options. I think that is about as far as we could say. I do not know if you are aware that we also called for submissions from all of the grant holders to contribute to the review as well. We have quite a lot of submissions to consider and we have the views of the people. In quite a lot of cases it was pointed out to us what some of the consequences would be of, as you say, defunding them.

Senator McLUCAS—Minister, you might be happy to know that Cairns and Far North Environment Centre is supported more by the state than by the Commonwealth.

Senator Ian Macdonald—That does not surprise me at all, considering the political lines they run. I am sure they are a wholly owned subsidiary of the state government.

Senator McLUCAS—I am sure that when James Cook University did their review of the effectiveness of CAFNEC and came out with very high approval from the community of the value of that organisation in that region, they would be very happy to see that the state government is supportive.

Senator Ian Macdonald—Who did the review at JCU? I could suggest a couple of names.

Senator McLUCAS—I cannot remember. It was some time ago.

Senator Ian Macdonald—Yes. Perhaps I malign them and I should not make off the cuff comments like that, because it is many years since I have had any interaction with CAFNEC. My comments are coloured by what they used to be like. Perhaps they have seen the light and they are doing something positive for the environment.

Senator McLUCAS—It is a very reputable organisation. Those are all the questions I have.

Senator WONG—Mr Glyde, on the issue about ARPANSA's further inquiry of DEST regarding the nuclear repository, to your knowledge has the department been requested for any new information or any further advice on that issue?

Mr Glyde—I am afraid I cannot comment, Senator, because that is the responsibility of Mr Early.

Senator WONG—Yes, I asked Mr Early earlier. I did not mean to say that. I have asked that of Mr Early. Thank you. I have no further questions.

CHAIR—Thank you, Senator Wong. That concludes the questioning from senators. Mr Beale would like to make a statement.

Mr Beale—Thank you, Chair. With your indulgence I would like to make a brief personal statement. This is likely to be my last appearance before this committee. I have advised the government of my decision to decline the kind offer of another term as secretary and to retire early in the new year. Over the last 19 years I have served at secretary level posts. I have usually represented my agency in these processes. I have missed few.

I first assisted a parliamentary committee in 1968—almost to the day tomorrow. In the 37 years of my career, the growth in the significance of these committees has been one of the most marked changes. I would like to record the importance that I attach to these committee processes as part of the accountability framework within which departments operate.

I would also like, Chair, to thank you personally and your committee members and your predecessors for the courtesy you have afforded me. While questioning has often been robust and sometimes forensically incisive, it has usually been conducted within the proper limits of appropriate behaviour. On the one occasion it was not, I thank you personally, the other senators and the Clerk of the Senate, for the support I was offered and the opportunity the Privileges Committee afforded me to set the record straight.

I wish the committee well in its future deliberations and I am sorry that I will not be likely joining you again. Good night.

CHAIR—Thank you, Mr Beale. Perhaps the minister would like to make some comments, then I would like to say something as well.

Senator Ian Macdonald—I am sure there will be other appropriate times for the government as a whole to express its appreciation for the work Mr Beale has done over 37 years. You still are sane.

Mr Beale—That is a matter of opinion.

Senator Ian Macdonald—That is absolutely amazing. If you have been at Senate committees for that long, Mr Beale, I am surprised that you are still sane. Quite clearly, I am somewhat taken aback by Mr Beale's comments. I have had some interaction with Mr Beale over many years. My first ministerial role was in this particular department, when Mr Beale assisted us through a number of things that were very new to me.

I must say that in all the dealings I have had with Roger since we have been in government and, indeed, in the things that I know he did for Australia as a very qualified and enabled public servant, when we were not in government—I think he had a very big role, a quite significant role in those days, in the ACCC, the national competition policy—he has always been an exemplary public servant, very able and very courteous to all those with whom he came in contact. I sometimes used to think to myself that he was a fraction too courteous to those who would be attacking the government, but that is the mark of a real public servant and a very professional one. He has operated in the department in an exemplary way.

I am sorry Senator Hill is not here. As the arrangements go, of course, Senator Hill would normally have been here for the last occasion you were to appear but arrangements have changed. I know Dr Kemp would want me to publicly, in this forum, express his appreciation for the work you have done. I know that I can say that, without any qualification, from Senator Hill as well. I do not know what you intend to do henceforth. Perhaps you are a little pleased that you will not have to sit until midnight a couple of times a year at these committees, but I know that you will miss the interaction, the excitement, the mental and intellectual stimulation you have had from some of the committees and the interest you have had in others.

On behalf of the government, I express our appreciation and my personal sadness at the fact that you will not be here in the future to assist me for so long as I continue in this role. Thank you very much.

CHAIR—Mr Beale, I too would like to acknowledge your long and distinguished service in the Commonwealth Public Service. My contact with you has been very largely through the estimates process. You have always been helpful, cooperative and given wise advice to the senators and to the officers at times. I thank you for your personal appreciation for the action of the committee in the matter you alluded to. My first estimates, which I think was probably in this very room and I was sitting where Senator Tchen is now, lasted all night.

Mr Beale—Until 6.30 a.m.

CHAIR—Until 6.30 a.m. I think it was Senator Faulkner's first estimates in opposition with Senator Hill as the minister and the two of them engaged in a very long discussion over many issues during the night. I disgraced myself by falling asleep at my microphone at 5 a.m., which Alan Ramsay wrote up in the *Sydney Morning Herald*! Fortunately, we have changed the rules since then and we do not sit all night, which I think is a very positive step forward in the process of estimates.

I do not know how you will manage to survive not coming to estimates, after 19 years. I am sure you will have some withdrawal symptoms. You will, at least, miss the interest of the issues that are raised and the interaction between the officers and the various senators, but no

doubt you will find other things to fill your time. I certainly wish you well in the future and once again I thank you for the enormous contribution you have made to the estimates process.

Senator McLUCAS—I add our recognition and thanks for—I did not realise—such a long period of service to the parliament and the government of the day. We have always found this estimates process very useful. Yes, we do get frustrated from time to time, from the opposition side—we change, and sometimes it is the current government members who sit here—but that is because sometimes you are asking questions that maybe you do not know the answers to. But we have appreciated the promptness and professionalism that the department has displayed through your leadership, Mr Beale, and we wish you all the very best in your retirement. Thank you.

Mr Beale—Thank you very much.

Senator WONG—It is probably an indicator of the esteem in which you are held that we are prepared to sit here at 11 o'clock at night to keep telling you how good you have been! Thank you very much, Mr Beale. I have been involved in this committee for only a short period because I have been in parliament for only a short period, and you have always been unfailingly polite and very professional in how you have dealt with me, and I have appreciated that. Best of luck, whatever you now choose to do.

Mr Beale—Thank you very much.

Senator TCHEN—Seeing that everyone else has had something to say, it might be remiss of me not to. Mr Beale, can I say that, as a former low-level public servant, I probably have a better appreciation than most other senators of the role that public servants have to take on and carry through. I think you have been an outstanding example of someone with an impartial and professional approach to the job. It is interesting also to know that you first took on this task of leading the departmental team in 1989. That means you have certainly served both governments of both parties for quite some time and have served them efficiently and satisfactorily. I think it is a very remarkable testament to the strengths and the professionalism of those in the Australian Commonwealth Public Service. I thank you for that.

CHAIR—Hear, hear! Questions on notice have to be in by tomorrow and the date for the answering of the questions is set as 11 December. With that, I close this session of estimates. Thank you.

Committee adjourned at 11.01 p.m.