



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

STANDING COMMITTEE ON ENVIRONMENT,
COMMUNICATIONS, INFORMATION TECHNOLOGY AND THE
ARTS

ESTIMATES

(Additional Budget Estimates)

TUESDAY, 13 FEBRUARY 2007

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**SENATE STANDING COMMITTEE ON
ENVIRONMENT, COMMUNICATIONS, INFORMATION TECHNOLOGY AND
THE ARTS**

Tuesday, 13 February 2007

Members: Senator Eggleston (*Chair*), Senator Bartlett (*Deputy Chair*), Senators Lundy, Ian Macdonald, Parry, Ronaldson, Webber and Wortley

Senators in attendance: Senators Bartlett, Conroy, Eggleston, Fierravanti-Wells, Kemp, Lundy, Ian Macdonald, Milne, O'Brien, Ronaldson, Siewert, Trood, Webber, Wong and Wortley

Committee met at 9.02 am

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

Consideration resumed from 12 February 2007

In Attendance

Senator Brandis, Minister for the Arts and Sport

Executive

Ms Helen Williams AO, Secretary

Ms Fay Holthuyzen, Deputy Secretary, Infrastructure and Access

Dr Rod Badger, Deputy Secretary, Strategy and Content

Ms Lynn Bean, Acting Deputy Secretary, Arts and Sport

Legal

Mr Don Markus, General Counsel

Corporate and Business

Mr Frank Nicholas, Chief Operating Officer and Acting Chief General Manager, Corporate and Business Division

Mr Mike Hutchings, Chief Information Officer and General Manager, Information Technology and Facilities Branch

Ms Cheryl Watson, Acting General Manager, Human Resources and Communications

Mr Tim Cornforth, Manager, Regional Network Management Unit

Finance and Budgets

Ms Jennifer Gale, Chief Financial Officer

Infrastructure and Security

Mr Col Lyons, Chief General Manager, Infrastructure and Security Division

Mr Philip Mason, Acting General Manager, Networks Competition Branch

Mr Simon Bryant, General Manager, Broadband Infrastructure Branch

Mr Andrew Maurer, Acting General Manager, Security Branch

Ms Caroline Greenway, International Branch

Access and Consumer

Mr Brenton Thomas, Acting Chief General Manager, Access and Consumer Division
Mr James McCormack, General Manager, Broadband Development Branch
Mr Rohan Buettel, General Manager, Consumer and Shareholder Branch
Ms Nikki Vajrabukka, Acting General Manager, Networks Operations and Spectrum Branch

Content and Media

Dr Simon Pelling, Acting Chief General Manager, Content and Media
Mr Gordon Neil, General Manager, Media Industries
Mr Simon Cordina, General Manager, Digital Content
Ms Trish Barnes, Acting General Manager, Digital Broadcasting

Strategic, Development and Regional

Dr Beverly Hart, Chief General Manager
Mr Philip Allnutt, General Manager, Indigenous Communications
Mr Lindsay Barton, General Manager, ICT Development
Mr Tom Dale, General Manager, Strategy Branch
Ms Liz Forman, General Manager, Regional Branch

Arts and Sport Division

Mr James Cameron, Chief General Manager, Arts and Sport Division
Mr Peter Young, General Manager, Film and Digital Content Branch
Mr Mark Taylor, General Manager, Arts, Regional and Governance Branch
Ms Lyn Allan, General Manager, Indigenous Arts and Training
Mr Paul McInnes, General Manager, Collections
Mr Bill Rowe, General Manager, Sport
Ms Jenny Anderson, Chief General Manager, Old Parliament House and National Portrait Gallery
Mr Sandy Clugston, Acting General Manager, Contents and Programs, Old Parliament House and National Portrait Gallery
Mr Andrew Sayers, Director, National Portrait Gallery

Australian Business Arts Foundation (ABaF)

Ms Jane Haley, Acting Chief Executive Officer
Ms Joanne Simon, Company Secretary

Australia Council

Ms Kathy Keele, Chief Executive Officer
Dr Catherine Brown-Watt, Executive Director, Major Performing Arts Board
Ms Emma Murphy, Executive Director, Corporate Resources

Australian Film Commission (AFC)

Mr Chris Fitchett, Acting Chief Executive Officer
Mr Greg Brown, Director, Corporate Services
Ms Kim Ireland, Director, Policy, Research and Communication

Film Finance Corporation (FFC)

Mr Brian Rosen, Chief Executive Officer
Mr Ross Pearson, Chief Commercial Officer

National Library of Australia (NLA)

Ms Jan Fullerton, Director-General

Mr Gerry Linehan, Assistant Director-General, Corporate Services

National Gallery of Australia (NGA)

Mr Ron Radford AM, Director

Mr Alan Froud, Deputy Director

National Museum of Australia (NMA)

Mr Craddock Morton, Director

Ms Suzy Nethercott-Watson, General Manager, Operations

Ms Louise Douglas, General Manager, Audience and Programs

Ms Karen Leary, Acting General Manager, Collections and Content

Mr Jeff Smart, Chief Financial Officer

National Archives of Australia (NAA)

Mr Ross Gibbs, Director-General

Mr James Barr, Deputy Director-General

Australian Sports Commission (ASC)

Mr Mark Peters, Chief Executive Officer

Mr Brent Espeland, Director, Sport Performance and Development

Professor Peter Fricker, Director, Australian Institute of Sport

Ms Christine Magner, Acting Director, Corporate Services

Mr Steve Jones, Director, Commercial and Facilities

Mr Greg Nance, Director, National Sport Programs

Australian Sports Anti-Doping Authority (ASADA)

Mr Richard Ings, Chief Executive Officer/Chair

Mr Kevin Isaacs, Group Director, Deterrence

Ms Catherine Ordway, Group Director, Enforcement

Ms Catherine Shadbolt, Chief Financial Officer

CHAIR (Senator Eggleston)—Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee. The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings: any questions going to the operations or financial positions of the departments and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimate hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy

and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted. If a witness objects to answering a question, the witness should state the ground upon which the objection is taken, and the committee will determine whether it will insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by a minister and should be accompanied by a statement setting out the basis for that claim.

The committee has fixed Thursday, 5 April as the date for the return of answers to questions taken on notice. Senators are reminded that written questions on notice should be provided to the secretariat by the close of business this Friday. It gives me great pleasure to welcome Senator the Hon. George Brandis SC, as the new Minister for the Arts and Sport, to these estimates. I also welcome the portfolio officers. Minister, do you wish to make any comment or opening statement?

Senator Brandis—No, thank you. Perhaps we can proceed directly to questions.

[9.05 am]

Australian Broadcasting Corporation

CHAIR—We will resume questioning of the ABC.

Senator CONROY—I was starting to ask last night about the Toowong facility and the staff concerns. Did the ABC do any contingency planning for the possibility that you may have to move?

Mr Scott—Yes, we did. A contingency plan in the broadcasting industry would be a plan that allowed us to continue broadcasting on radio and television and our online services in the event that we had to move from our Toowong site. That is precisely what we planned for, and that is precisely what happened, despite the fact that we had to effectively evacuate that site. We had arrangements that we had put in place with broadcasters at Channel 10 and Channel 7, good connections that were already underway with universities—the University of Queensland and QUT—and other interim accommodation was quickly located. So, in fact, we put into effect the contingency plan that we had developed on the short-term accommodation that we would need if we needed to quickly move from that site. I am delighted to say that, despite the unprecedented circumstances that we found ourselves faced with, we were able to continue broadcasting on radio and television and provide outstanding services to the people of Brisbane through that time. As I indicated to you late last night, our ratings for the summer season in Brisbane were the highest year-on-year increase of any of our capital cities.

Senator Brandis—Senator Conroy, can I add, as the only Brisbane person here, that I think it is fair to say that among the people of Brisbane the dispatch with which the ABC handled itself was remarked upon very favourably and was very impressive.

Senator CONROY—Thanks, Minister, and I appreciate your vote of confidence. I point out that we don't have long and if you want to comment on everything that Mr Scott says, you will chew up my time. I know you would not want to do that.

Senator Brandis—No, I would not do that to you, Senator Conroy. I was, as always, just trying to be helpful.

Senator CONROY—As always, I appreciate that. When did the ABC appoint an independent review panel of experts to investigate the incidence of breast cancer amongst staff at the ABC's Brisbane studios at Toowong?

Mr Scott—I do not have the precise date in front of me but I believe it was at the end of my first full week at the ABC when the latest case of breast cancer was diagnosed, and I took advice from the Chief Medical Officer of the Commonwealth, Dr Horvath, about the kind of review that could take place. He gave me the name of Professor Armstrong, so we announced the broad plan for the review, and then Professor Armstrong sought advice. We talked to a number of people about the panel members that he would need to complete the review successfully. So I think we would find it was late July-early August before the panel convened for the first time and started their work to try to work out precisely what had gone on in Toowong.

Senator CONROY—When did the contingency planning start?

Mr Scott—Contingency planning was underway throughout that period of the Armstrong inquiry review. I have been asked about contingency planning by our staff, and I think it is important to reflect on what a contingency plan is. If you are asking me, or somehow suggesting, that the ABC should have gone and procured long-term rental premises with 6,000 square metres and the kind of power and IT infrastructure that we would need, in the event that a breast cancer cluster was discovered there, recognising that our experts were telling us that a breast cancer cluster of this kind had never been discovered anywhere in the world, that is not what I view as contingency planning. What I view as contingency planning is: did we have arrangements in place that allowed us to continue broadcasting radio and television and online services in the event that we suddenly had to move from Toowong? Yes, we did.

Senator CONROY—What contingency arrangements were in place at the time the independent review panel report was received?

Mr Scott—We had discussions and conversations with a number of people who ran facilities in Brisbane that we were able to then execute very quickly. So we were able to have discussions with Channel 10, Channel 7 and the universities to say that in that unlikely event—and I think Professor Armstrong has conceded it was a highly unlikely event—of the finding being as it turned out to be, we could then execute that contingency plan. So there were discussions about where the movement of the majority of staff would take place, and that was the contingency planning that was done.

Senator CONROY—Did the ABC look at using facilities of other TV broadcasters?

Mr Scott—We had discussions. My colleague Mr Pendleton had discussions, I believe, with chief operating officers of other television networks, in the unlikely event that the Armstrong findings came down as they did.

Senator CONROY—Did the ABC have to pay any funds to other broadcasters to get the premises ready for use?

Mr Pendleton—Yes. The ABC has entered into arrangements with Ten and a small amount with Seven in relation to capital works to make those sites ready for our staff, and then an ongoing rental arrangement with Channel 10.

Senator CONROY—How much did you spend with Channel 10 to get it prepared?

Mr Pendleton—We are still spending. I do not have the exact number but it would be in the order of \$500,000.

Senator CONROY—And then the ongoing rental—

Mr Pendleton—Sorry, Senator; that is in total, across all of our capital works. I would have to take on notice the exact number. I think it would be in the order of 200.

Senator CONROY—To prepare to move in?

Mr Pendleton—The relocation work—that is, taking our equipment from the Toowong site and then establishing the property, the building works, the installation of the IT and communications infrastructure and all the broadcasting gear up there. We are still going up there, Senator.

Senator CONROY—Sure. And you mentioned Channel 7?

Mr Pendleton—We did some quite extensive investigation work on the Seven site. As it turned out, that site really was not suitable for us for an interim arrangement, so some of the early work that Seven performed on our behalf, on the expectation that we were going there, we have paid for. I think that is between \$30,000 and \$50,000.

Senator CONROY—You paid Channel 7 \$50,000 to prepare a building and then you are not moving in?

Mr Pendleton—There was some early work. We were expecting to move into one location at the Seven building. As it turned out, it was not suitable for us. They had actually, in good faith, undertaken a fair amount of work in preparation for us coming up over that Christmas-new year period.

Senator CONROY—Did someone go and look at it before we—

Mr Pendleton—Yes, we had.

Senator CONROY—Did you go and look?

Mr Pendleton—Yes, I did.

Senator CONROY—You authorised spending \$50,000 to fit it out to move in and then you didn't move in?

Mr Pendleton—Not to fit it out. There was clean-out work, preparation, relocation of some of Seven's infrastructure that was housed in the middle of the space that we were looking at. So the work was actually spent on removing a lot of their equipment.

Senator CONROY—You had a look at it and you thought, 'It looks good'?

Mr Pendleton—Against the options we had at the time, Senator, yes.

Senator CONROY—When did you actually go and look at it? On what date?

Mr Pendleton—I think it was 21 December.

Mr Scott—We can get back to you on the chronology of it. I believe that Seven was identified as a potential site. As you would understand, Senator, the kind of facilities that are available to house and relocate a significant news and current affairs team like we have in

Brisbane are rare. We had a few sites scoped. More work was then done at Channel 7, but once that work was cleared out and done—a building was identified, potential space was identified—there was a balancing of the portfolio of needs that we had then and the decision was finally made that that was not an optimal place for us to place ourselves.

Senator CONROY—I am confused about why you would go and look at it, authorise \$50,000 worth of work and then not move in. I would have thought you would have made an assessment before you spent the money.

Mr Scott—What I said to the staff at the time—and as the minister pointed out it had a very good response from the Brisbane community, the Premier of Queensland, and the MEAA and other unions involved—was that we had a number of different time frames that we needed to consider. One time frame was the interim time frame, say the first three days, to keep on air, to keep broadcasting despite the fact we were on the eve of Christmas and despite the fact we had to move out of that newsroom immediately. Then we looked for the interim arrangement, where we would be for the first several months, then for whether there was a place that we needed to be for several years, and then for whether there was a new permanent home for the ABC.

Of course some of those decisions that we made at that point could only be made once a decision was made to permanently move from the site. We clearly were not going to rent another permanent facility until we knew we needed to go. As it turned out, once—

Senator CONROY—When did you receive the report?

Mr Scott—I received the report the morning I announced it in Brisbane.

Senator CONROY—No, what date was that?

Mr Scott—It was 21 December.

Senator CONROY—So you raced out that day to look at Channel 7.

Mr Scott—The report was delivered to me—

Senator CONROY—I did not realise it was announced on the same day.

Mr Scott—within the hour of it being given to staff. I was there as Professor Armstrong did his first proper briefing on the findings. I made the call, with the support of the ABC board, that we immediately needed to move and so we triggered some of the contingency planning that we had done. We immediately began to plan for the interim and long-term arrangements.

As we have said publicly, some of the possibilities that we were pursuing for an interim arrangement to last several years, to basically put all of the ABC staff together in Brisbane, fell through. One of those sites, fundamentally, we were not happy with. Another site that we were ready to move to was sold by the agent who was responsible for it just as we were preparing to sign a lease. As these things change, so your relative assessment and your planning change—who needs to go there, how much you need to spend in certain places, how long staff might be there for—and this is still a fluid situation.

This is not one of those capital planning exercises that you can plan precisely years out and execute; this is something that has been forced upon us. We have had good interim planning

until now, terrific cooperation from staff and management to deliver it and satisfaction from the Brisbane community, but it is still a fluid and dynamic set of circumstances that we are dealing with right up until this point. It is not helped by the fact that in Brisbane you have a commercial property vacancy rate of less than one per cent. When you are looking for the kind of facility that we are looking for—6,000 square metres, a lot of power, a lot of IT infrastructure—the sites that are available for us to accommodate the ABC together are very rare indeed.

Senator CONROY—I appreciate that. I was caught by the fact that you received the report on 21 December and Mr Pendleton looks like he then raced out on the same day to look at—

Mr Scott—No, we all went to Brisbane because it was a major event.

Senator CONROY—But you were not in charge of contingency planning. My question is: did you go to Channel 7 that day?

Mr Scott—No, I did not. I was meeting with the staff. What happened was we had had discussions with Channel 10, we had had discussions with Channel 7. People had looked at some of those sites. We had the plan ready to go and we executed the plan. Part of the execution of the plan was Mr Pendleton going to Channel 10, Mr Pendleton going to Channel 7—there was a significant area of space that we had previously identified at Channel 7—and a decision being made to clear that site and to assess whether it would be viable for us. Once the work had been done, once some other opportunities opened up for us as well, a decision was made not to go ahead with it.

Senator CONROY—I would have thought contingency planning would have meant you had looked at it prior to 21 December.

Mr Scott—No, contingency planning was having identified it. You asked Mr Pendleton when he saw it—

Senator CONROY—Identifying it as suitable—

Mr Scott—Yes, but what I am saying to you—

Senator CONROY—I can pick up a phone book and go, ‘There’s four sites.’

Mr Scott—One of the other things that happened to us was that people came forward. We had tremendous support from the Queensland community. Premier Beattie was particularly useful to us. The Queensland government and a number of other property management people came forward to us, and we were managing a portfolio of options, as far as that was concerned. A decision was finally made in the interests of staff and in the interests of delivering services to ABC Brisbane that to continue to invest in the Channel 7 site was not an optimal arrangement. As I have said, this is a very different planning operation to a capital works planning program that can be mapped out years in advance. In fairness, I think the ABC has handled it well.

Senator CONROY—A day in advance, from the sound of it, would perhaps have helped.

Mr Scott—No, absolutely untrue.

Senator CONROY—Not to have conducted an inspection until—

Mr Scott—No, you simply asked Mr Pendleton when he saw that site, but he has other people in teams and other people who had been working on it. He had had conversations with the chief operating officer of the station up there, and that was the work that was done.

Senator CONROY—Someone authorised the \$50,000.

Mr Pendleton—That timing of the relocation of our operations out of Toowong occurred over the Christmas-new year period, where the vast bulk of both ABC staff and the commercial—

Senator CONROY—I would have expected it happened—

Mr Pendleton—Where a range of staff from Seven and Ten were proceeding on or had already moved on to leave. Against the time lines that we were looking to achieve in relocating our staff by the end of January, we were required to move pretty quickly in terms of commitments of identifying space and having that space prepared.

Senator Brandis—Senator Conroy, I am not being gratuitous here, but let me just assure you from a viewer's point of view—because I actually watched the ABC that night in Brisbane, on the evening of 21 December—it was almost seamless. It was remarkable that such a significant dislocation could have occurred and the ABC was functioning, from a viewer's point of view, as if it were normal that very evening.

Senator CONROY—Thanks for your contribution again, Minister. I have a limited amount of time.

Senator Brandis—The whole point of this seems to be that there was something messed up here, and in fact the reverse is true.

Senator CONROY—Fifty thousand dollars has been spent on a building that the ABC is not moving into, so I am actually just trying to get to the bottom of it, Senator Brandis. You might think wasting \$50,000 like that is fine.

Senator Brandis—No, I am merely pointing out—

Senator CONROY—My job is to ask questions about it; that is all I am doing.

Senator Brandis—that, from a viewer's point of view, the transition was apparently almost seamless.

Senator CONROY—George, you have now said that two or three times; any further interventions that you make on this will simply be demonstrable as wasting the small amount of time available. So Mr Pendleton inspected it and presumably authorised the \$50,000 expenditure. At what date was it decided not to proceed with the move in?

Mr Pendleton—I could not give you the exact date. It would have been in the first or second week of January.

Senator CONROY—With your radio operation, when did you inspect the site that you moved your radio operation into?

Mr Scott—We had a number of options for radio. Again, the contingency plan went into place. The contingency plan allowed us to take advantage of the facilities we had operating for ABC radio in Queensland to continue local radio broadcasting out of the Gold Coast site. So our contingency plan in the short term was to broadcast from the Gold Coast. I am

delighted to be able to tell you that that is what happened through the month of January, taking advantage of other ABC local radio sites as well to supplement the program. We then proceeded to make an investigation of other areas where a more permanent facility could be for radio. One of those, of course, was the site we finally decided not to proceed with. We then became aware of office accommodation in Lissner Street, close to the Toowong premises, that we thought could be used. We undertook a lease arrangement there to allow us to move.

As you will understand, we did not sign any lease arrangements prior to the Armstrong report coming down. I am sure you would have had many more questions for us on our expenditure if we had indented into a series of leases assuming the Armstrong report would come to one finding when in fact it did not. So I am very pleased that the contingency plan for radio worked very well. We continued broadcasting using ABC facilities around the state, particularly on the Gold Coast, identified rental accommodation and executed a lease on that, and now ABC local radio is being broadcast from Lissner Street at Toowong.

Senator CONROY—You are answering a string of questions that I have not actually asked but I appreciate your contribution. Is it right that radio—and I appreciate the circumstances that you were in—was being broadcast out of two converted buses parked in the car park of the office building?

Mr Scott—We call them outside broadcasting vans, Senator. I am not quite sure what the broadcasters call them but that is what they are traditionally viewed as.

Senator CONROY—Converted buses.

Mr Scott—When we go on the road, that is what we use.

Senator CONROY—I recently had the pleasure of being in Townsville and sitting in the car park in an old kombivan. I am not sure if you call that an outside broadcast unit—a kombivan? I am just checking.

Mr Scott—I would say that our staff have been terrific in operating in varying circumstances. The real test is: are they operating in an environment that allows them to productively and safely do their work, and what does the listener hear? We think the listener experience remains very positive for ABC local radio and national networks coming out of Brisbane.

Senator CONROY—In terms of the field crews, I understand you spent \$20,000 on a demountable?

Mr Pendleton—Correct.

Senator CONROY—And it was craned into a position underneath the ABC tower?

Mr Pendleton—On the BA site at Mount Coot-tha.

Mr Scott—Not Toowong.

Senator CONROY—I didn't say Toowong.

Mr Scott—It was up at Mount Coot-tha, not the ABC site.

Senator CONROY—It was put in place underneath the tower at Mount Coot-tha?

Mr Pendleton—That is correct.

Senator CONROY—Then you moved it again—

Mr Pendleton—That is correct.

Senator CONROY—because it wasn't safe?

Mr Pendleton—No, not because it wasn't safe.

Senator CONROY—You didn't like the view? Why did you move it again?

Mr Pendleton—It was originally moved in to house some of the technicians' technical equipment up at Mount Coot-tha on the BA site. There is a building up there as well which BA has now made available for our use for that purpose. So we are deploying the demountable—I am not exactly sure where—

Senator CONROY—So you got it for the field crews. You spent 20 grand on it, you moved it underneath the ABC tower, it has been moved and the crew is now in a rented warehouse in the West End in Brisbane, not in the demountable that you spent \$20,000 on?

Mr Pendleton—No.

Senator CONROY—So you craned the demountable out. Do you know where it is? Have you lost a \$20,000 demountable?

Mr Pendleton—I couldn't tell you exactly where it is at the moment.

Senator CONROY—What are the costs of all of that craning around of the demountable?

Mr Pendleton—I do not have that number with me.

Senator CONROY—Can you take it on notice?

Mr Pendleton—I will get it for you.

Senator CONROY—I understand it is in the warehouse, if you need to find it. I would like to know, on top of the actual \$20,000 that you spent on a demountable that you are not using—

Mr Pendleton—I think there are plans to use the demountable, Senator.

Senator CONROY—I am sure there are plans to use it now but you purchased it for one purpose and you are not actually using it for that purpose. I am sure you will find a use for it eventually, but I was interested in the cost of the craning in and craning out, the cost of storage, for something that you are not actually using. The meter is ticking at \$20,000 for the purchase and I am interested in finding out about the other costs.

Mr Pendleton—I point out that at this stage we still do not have sufficient space to operate in an optimal environment up in Queensland. We are still looking for appropriate accommodation.

Senator CONROY—Why did it take so long to get into the West End rented warehouse?

Mr Pendleton—In what sense, Senator?

Senator CONROY—No-one ever moved into the demountable, so where were the field crew while they were wandering the streets? Did they move straight in to the West End?

Mr Scott—Senator, I am afraid there might be a misunderstanding. When we announced on 21 December a movement out of Toowong, we indicated that that movement process would take place through the month of January, and we looked to have the site effectively empty of working staff by the end of January. There was complete agreement and consensus that that was a sensible time frame to work under. The process of executing that kind of move for that number of staff needing that facility in that time frame was a herculean effort but it was successfully achieved. By the end of January all staff had effectively moved from the Toowong site, including the field staff that ended up working in the West End. So when you imply that there was some delay, there was no delay, Senator. The time frame that was announced on 21 December was—

Senator CONROY—Where were they housed?

Mr Scott—I believe they were at Toowong.

Mr Pendleton—Either at Toowong or located on site; they are out on the road.

Mr Scott—They are field staff, Senator. That is why they are called field staff—because they work in the field.

Senator CONROY—Yes, I'm sure. Why did it take so long to sign the contract for the West End property?

Mr Pendleton—I am not sure that it did take a long time, Senator.

Senator CONROY—That is why you recalled your bloke from Brisbane after he lost the contract?

Mr Pendleton—I am sorry, Senator?

Senator CONROY—After he couldn't find the actual piece of paper.

Mr Pendleton—I am sorry, Senator?

Senator CONROY—Your man lost the rental contract; that is why it took so long to sign it.

Mr Scott—We are not aware of that, Senator. We will investigate that and put it on notice back to you.

Senator CONROY—Mr Pendleton is aware of it, and so are you.

Mr Scott—I am certainly not, Senator, and I would like to put the record straight on that.

Senator CONROY—I just told you about it.

Mr Scott—Your reference to a lost rental contract is the first time anyone has mentioned that to me and if there are issues we can respond to them on record. I would like to state again, though, that the performance by ABC management and staff in Brisbane in vacating that site in a period of five weeks over the Christmas and new year period, in that very tight rental market, given the level of technical expertise required, was a remarkable and herculean effort. We want to thank them for their performance in doing that.

Senator CONROY—You do your profession proud.

CHAIR—It has been a great achievement to have done it so quickly, and we congratulate you.

Senator CONROY—I would like to ask about the decision to axe the popular *Glass House* program late last year.

Mr Scott—Yes, Senator.

Senator CONROY—Was *The Glass House* a successful program, in the ABC's view?

Mr Scott—If you look at the history of ABC television—and of course we documented this in a documentary late last year—you will see that there were many, many great examples of ABC comedy—*Aunty Jack*, *Norman Gunston*, *Kath and Kim* and the like. One of the interesting things about *The Glass House* is that, whilst those shows remain very popular and are fondly remembered, *The Glass House*, in lasting five seasons on air, lasted longer than any of those other iconic programs.

A decision was almost made at the end of the fourth season not to continue with *The Glass House*. The discussion was underway when I joined the ABC in July last year, and it was finally communicated to the production team of *The Glass House* in September that it would not be coming back for another year. *The Glass House* started its season in a lot of different timeslots but it finally moved to Wednesday night. Wednesday night, as you would be aware, Senator, is our top-rating slot in the evening. *The Glass House* had some good numbers—particularly good numbers, I should add, once the announcement was made that it would not be coming back this year—but our top-rating program on Wednesday night was *Spicks and Specks*. *Spicks and Specks* would attract audiences of up to and in excess of 1.2 million or 1.3 million. *The Glass House*, following closely after that program, certainly got nothing like that audience.

A decision needed to be made about where we invest. A decision needed to be made about the optimal program to be put in that timeslot, and the decision was made by the management in television that *The Glass House* was probably not our best option for 2007 and that our best option was to identify a better timeslot for *The Chaser* program. I would point out that *The Chaser* had been operating late on Friday night and its audiences had increased and increased through the year consistently, and the feeling was that it could find a broader and more popular audience by bringing it to our most popular night and putting it in the Wednesday night timeslot, and that is what we are doing. I know there are many fans of *The Chaser* here at Parliament House and on the committee, and I am delighted to be able to say that in March they will be back, following *Spicks and Specks*, at nine o'clock on Wednesday nights.

Senator CONROY—*The Glass House* received some industry awards, didn't it?

Mr Scott—I believe so; I am not sure off the top of my head.

Senator CONROY—So it had solid ratings, industry awards—

Mr Scott—When you say 'solid ratings', Senator, I don't want to disparage the achievement of *The Glass House* at all but you cannot look at these ratings figures in isolation. You have to partly look at the ratings figures in the light of the programs that have come before it. The week before we announced that *The Glass House* was being axed, I believe its audience was 700,000, in the peak Wednesday night viewing spot. As I understand it, the last program of *The Chaser*, late on Friday night, was attracting 800,000. So none of these things should be viewed in isolation. I appreciate, though, that *The Glass House* was a

program that had solid ratings and considerable popularity and that many people were unhappy when the decision was made that the program would not come back.

Senator CONROY—Well, there were quite a few that were happy.

Mr Scott—That might well be the case. The people who wrote to me were fundamentally those who were unhappy. We had numbers of letters; I appreciate that. These tough decisions need to be made in television. We made a decision that we thought that timeslot could be better utilised by *The Chaser*, even though Ted Robinson, the man who created *The Glass House*, is in fact doing a new program for the ABC, and details of that will be released a little later in the year.

Senator CONROY—Does the ABC think *The Glass House* was politically biased or partisan?

Mr Scott—I don't have a view on that, Senator. We have these new editorial policies and guidelines. There were complaints—

Senator CONROY—How is the chief censor? I was hoping the chief censor would be with us today.

Mr Scott—The chief censor? I don't understand what you are saying.

Senator CONROY—I was hoping the chief censor would be here.

Mr Scott—I don't understand what you are talking about, Senator.

Senator CONROY—I understand you made an appointment of the chief censor.

Mr Scott—No, that is incorrect, Senator. I have made no appointment of chief censor.

Senator CONROY—Anyway, I was hoping he would be here. Who made the decision to axe the program?

Mr Scott—The decision was made in the television division but then the director of television discussed that decision with me before it was finally ratified.

Senator CONROY—So you ticked off on it?

Mr Scott—Yes, I did, on the advice of television, on their analysis of its performance and on a sense of where it was creatively after five years, and the opportunities we saw that also existed for us in where we needed to invest.

Senator CONROY—Was the board consulted on the decision?

Mr Scott—No, they were not.

Senator CONROY—When were they informed?

Mr Scott—They were informed after the decision had been made.

Senator CONROY—Is the ABC aware that *The Glass House* was regularly criticised by political conservatives, including some senators at the table?

Mr Scott—Numbers of our programs are criticised by senators from all parties and from all sides of the political spectrum, so it would come as no surprise to me to hear that *The Glass House* was one of those programs.

Senator CONROY—Can the ABC advise how many complaints the ABC received about *The Glass House* from Liberal—

Mr Scott—I think it was in the vicinity of 5,000, which is at the high end, I believe—

Senator CONROY—Can I finish my question?

Mr Scott—It will be documented in the annual—

Senator CONROY—Can I finish my question? You leapt in before I had finished. I hadn't got to the punchline.

Mr Scott—Go right ahead, Senator. I am sorry.

Senator CONROY—Can the ABC advise how many complaints the ABC received about *The Glass House* from Liberal and National Party MPs?

Mr Scott—I would have to take that on notice.

Senator CONROY—You seem to have a figure there for how many complaints were received in general, but I am happy for you to take that on notice.

Mr Scott—I will give you the detail. My understanding, if we go back and look at the annual reports, is that sometimes when a decision is made to end a program—as was the case, I believe, with the George Negus program that was on at 6.30—complaints in the several thousand come through, and there is no doubt that there was considerable publicity around the axing of *The Glass House* and many people were moved to send us an email or write us a letter.

Senator CONROY—Can the ABC also advise how many questions about *The Glass House* the ABC received from Liberal senators at Senate estimates. I am happy for you to take it on notice.

Mr Scott—I would have to take it on notice, but you were here as well, Senator.

Senator CONROY—No, I didn't always stay to listen to Senator Fierravanti-Wells and her cheer squad, but if you could take that on notice I would appreciate that.

Mr Scott—Certainly.

Senator CONROY—Does the ABC recall that at the last Senate estimates Senator Fierravanti-Wells criticised *The Glass House* co-host, Corinne Grant, because she produced a radio ad for a union family day?

Mr Scott—I do remember that, but I would point out to you, as I have just informed you, that GNT, the producers of *The Glass House*, were informed of the decision that *The Glass House* would not be renewed for this year in September, well before any questions were asked at the Senate estimates committee hearing in October.

Senator CONROY—I can't help it if Senator Fierravanti-Wells is a bit slow. I can't be held responsible.

CHAIR—Senator Conroy, that is a gratuitous remark.

Senator CONROY—Is the ABC concerned that its decision to axe *The Glass House*, despite its popularity and audiences, and critics, gives the appearance that it buckled to right-wing critics, just like it did on the *Jonestown* book?

Mr Scott—No, Senator, I am not worried about that. The ABC is a place where robust views are exchanged around a range of issues, including satire. A range of voices will continue to be heard on the ABC. There have been popular programs in the past, programs that have had loyal support, that have been axed. I am delighted to say that new programs, new voices, new satirical insights, emerge on the ABC. I am delighted to say that, almost alone in the Australian media, the ABC is the place where these new voices and new talents emerge, and I am sure they will continue to emerge in the future.

Senator CONROY—Why is the ABC letting humourless ideologues with no understanding of satire determine what programs go to air on the ABC?

Mr Scott—Are you referring to me, Senator? I was the decision maker.

Senator RONALDSON—That is not deserving of a response.

Senator Brandis—Mr Chairman, can I invite you to caution Senator Conroy about discourteous attacks on Mr Scott. Can I also say that the decision to discontinue *The Glass House* was also a matter of disappointment to other Liberal senators. I can think of many of them, including myself.

Senator CONROY—Thanks for the editorial yet again, Senator.

Senator Brandis—Senator Conroy, you are trying, for the most transparent reasons, to mischaracterise an event.

Senator CONROY—Have you finished?

CHAIR—Senator Conroy, I suggest that you just proceed, because you are running out of time.

Senator CONROY—Thank you. I appreciate your intervention to move things on.

CHAIR—I think that gratuitous and critical remarks about the witnesses are a pointless exercise.

Senator CONROY—I wasn't actually talking about you. On the Victorian bushfires, which I mentioned to you prior to the hearings, I have been contacted by residents and local councillors in the Alpine shire in Victoria. As you know, they were badly affected by the recent bushfires. These residents have expressed concern about a number of reception black spots in the area where residents were unable to pick up the ABC emergency service broadcast. Are you aware of that problem? What plans do you have to remedy it?

Mr Scott—Thank you for alerting me to it. The ABC has taken on the serious responsibility of being the emergency broadcaster in events like bushfires, cyclones and other events like that. I am concerned to hear reports that we had some transmission difficulties, even though I understand that at the time there were certainly some issues to do with power outages and the like that affected us. Thank you for bringing it to my attention. We will bring it up with our transmission partners, Broadcast Australia, seek a report on that and come back to you on it.

Senator RONALDSON—And congratulations on the great work you did over that bushfire season as well. I am sure that is what Senator Conroy wanted to say.

Senator CONROY—If you hadn't interrupted, I was actually just about to say that.

Mr Scott—Over the summer period our staff, particularly in Victoria and Tasmania, worked around the clock to provide that emergency service.

Senator CONROY—Residents in the shire have also told me they were disappointed by the lack of coverage of fires on the first weekend. While communities were surrounded by smoke, there was no information on the ABC about how close the fires were, because of the hilliness of the region. Could you look into that aspect of it.

Mr Scott—I am surprised to hear that. We have had a very good response on our work. But let us come back to you on that.

Senator CONROY—I have been told that the ABC had the information but there was no local broadcaster to put it out. Could you look into that.

Mr Scott—We will look into that.

Senator CONROY—Can you explain to us what protocols are in place with emergency services to get information out as soon as possible.

Mr Scott—Yes, we will.

Senator CONROY—In the small amount of time left to me, I would like to talk about the new structure that you announced last week. The structure was described as being designed to enable the ABC to better exploit digital content across radio and television. Can you give the committee an overview of the changes and what you are trying to achieve?

Mr Scott—Yes, absolutely. Thank you for the question, Senator. The ABC has had strong leadership in digital services and new media over the last decade—so much so that we no longer believe that the responsibility for delivery of those services should exist in one division but that delivery of our content across our traditional platforms and across new platforms is central to what we do. We have asked the television division to take up the additional responsibility of looking after ABC2, the second channel, our news team to take responsibility for our news online, our radio service to have additional responsibility for delivery of radio services, and our enterprises division will be folded into a new commercial division. The idea is that, as a public broadcaster, we need to create this content and deliver it to our audiences, no matter where they are, no matter what device they want to use to receive it, at whatever time they want to receive it. So we are reorganising the ABC in order to have a content focus, to be able to deliver to audiences what they need using the device they want at a time when they want it.

Senator CONROY—Following the announcement of the restructure, there was widespread reporting that the ABC would start charging for downloads of TV and radio programs. Is that correct?

Mr Scott—We do not know yet. What I identified was the division that would be responsible for doing some of the policy work on that. As you know, the ABC already has a tradition of taking some aspects of its archival material and making it available to the public through purchases of videos and DVDs at our ABC stores. That has been the case for a long period of time. The way that people are going to be able to take advantage of content will change with video downloads, and it is an area that I believe the ABC needs to be in.

The added advantage is that with digital technology you will be able to put more of your archive online, and it will probably be able to be viewed by audiences at a cheaper price than if they were purchasing a DVD. But the precise policies and arrangements around that are work we have not done yet. The technology to be able to deliver it is work we need to review. We have begun the process of digitising our archive; we were going to do that anyway. This is a work in progress, and when we have further details I would be happy to share them with you, Senator.

Senator CONROY—This is an area of genuine concern to some in the broader community. Have you given any thought to a discussion paper to put out and generate a discussion?

Mr Scott—I have not as yet, but I will take on board your comments.

Senator CONROY—I am just suggesting it as a way of having a debate.

Mr Scott—What I have said previously is that we will need to hasten carefully around this area. There are some people who have been critical of it—I have heard their voices—but I suspect there are millions of Australian households that have a copy of a DVD or a video or a book or music that has been produced by the ABC that has been purchased by them or for them, so there is a precedent there as well. We will investigate a range of options.

Senator CONROY—I certainly have many ABC DVDs.

Mr Scott—I envisage there would be considerable public debate and opportunity for discussion.

Senator CONROY—I recently purchased some of your marvellous children's DVDs.

Mr Scott—They are the finest in the land, Senator, I can assure you.

Senator CONROY—Is the ABC currently examining whether it should carry ads on its website?

Mr Scott—No, not actively at the moment, but again that would be a policy issue that we would review in the future. If you recall the *Countdown* initiative of last year in which the ABC was involved—the concert series, the DVDs, the CDs and the website, which carried advertising—we said at the time that that might be a model we would pursue, but we have not got any more of those examples yet.

Senator CONROY—Who is going to conduct the review?

Mr Scott—The commercial division will do the initial work. Finally, if a policy decision was made on this, then it would need to come to the senior management team of the ABC and to the board.

Senator CONROY—It comes back to this issue of whether the public can make submissions. Is there going to be a process by which the public can be engaged and feel that at least they have had a chance to have their say?

Mr Scott—Let me consider that.

CHAIR—You have one minute to go, Senator Conroy.

Senator CONROY—You are too good to me. Mr Scott, my colleague Jennie George wrote to you on 3 January about events at the ABC radio station in Illawarra. Have you replied to that yet?

Mr Scott—I am not sure if the letter has gone off yet, but I do have details on hand. There was an issue concerning a broadcaster in Illawarra—Peter Hand.

Senator CONROY—A good friend of Senator Fierravanti-Wells I understand.

Mr Scott—A good friend of a number of people, and I have had correspondence on the matter from Liberal and Labor politicians. I would not propose to go into detail on Mr Hand here, but an investigation was made. Mr Hand is currently working for us again as a producer, but he is not operating live on air. There would be a number of broadcasters and staff who work in our radio division who do not work on air but work as producers. That is the case with Mr Hand, and that happened after an internal ABC review process. It is a standard process.

Senator CONROY—I think Senator Wortley has one question.

Senator WORTLEY—I will put the rest of them on notice. In relation to the ABC licensing content on third party websites, Mr Green, in May budget estimates you said:

We do license our content to third parties, and some of those third parties have advertising on their sites.

Mr Pendleton said:

The content that is licensed is hosted on other people's websites, and that is where the advertising is.

Mr Scott, does the ABC have arrangements where a share of the advertising revenue from other web sites is part of the agreement?

Mr Scott—Let me just check on that. I will have to come back to you on notice on that detail.

Senator WORTLEY—I will place the rest of my questions on notice.

CHAIR—Thank you. We will now go to Senator Fierravanti-Wells.

Senator FIERRAVANTI-WELLS—Mr Scott, I received some answers to questions on notice. I take you to question 79, which was about union protest advertising. I am very pleased to read that the ABC agrees that it is preferable to avoid publication of union rallies—it has been a concern of ours—and that, once again, you found that it would be preferable to avoid publication of details of a trade union and Labor Party protest against the IR laws. This instance was in Darwin.

Mr Scott—I think really—

Senator FIERRAVANTI-WELLS—I have not asked my question yet. Thank you for acknowledging that. But, for the umpteenth time, my concern is that you do the mea culpa and then it keeps happening. I have put many instances to the ABC but, given that this is an election year when union activity on the IR front is likely to be prominent, are we going to see the ABC continue instances of advertising union rallies under the guise of some perceived community information basis? I want to know, Mr Scott, what you are going to put into place to stop this happening.

Mr Scott—Senator, as we said in our response to your question on notice No. 79, we think it would have been preferable to avoid the publication of the details.

Senator CONROY—Why?

Mr Scott—Well, in a sense, Senator—

CHAIR—Senator Conroy, Mr Scott is answering the question, so let him proceed without interruption.

Mr Scott—That is the general policy that we follow. Staff are aware of that. We do an awful lot of publishing, Senator. We publish 60 local backyard websites. We have the largest set of websites that operate anywhere in the country, and of course we are broadcasting live on 65 radio networks now. But we do have broad policies in place and we expect those policies to be adhered to. What you find though, inevitably, is that the decision-making process around what goes up on a certain website is devolved right down to a local level, so there are a number of decision makers around that; there are very many decision makers in the organisation. So we will continue to monitor and review, as I am sure you will, Senator. I am sure that if there are breaches of editorial policies you will bring them to our attention.

Senator FIERRAVANTI-WELLS—I would like to move to question 83 on the issue of Kerry O'Brien and the use of the description 'draconian'. You have agreed that Mr O'Brien's use of the term draconian to describe the counterterrorism laws could have been interpreted by some as inappropriate. I think the issue here is yet again Mr O'Brien taking an editorial stance. If he was not taking an editorial stance—

Senator CONROY—This is outrageous censorship.

Senator FIERRAVANTI-WELLS—Senator Conroy, I did not interrupt you. You could do me the courtesy—

CHAIR—Senator Fierravanti-Wells has the floor, so just respect that and let her ask her questions.

Senator FIERRAVANTI-WELLS—If he was not taking an editorial stance, why didn't he simply say, 'The government tabled new counterterrorism measures,' rather than pontificating in sharing his editorial view with us? This is a problem with Mr O'Brien. It is not the first time—

Senator CONROY—It is not the problem with Mr O'Brien; it is a problem with you.

Mr Scott—Senator, if you look at the answer we gave you to the question, we acknowledged your concern and accepted that some may interpret the use of the word draconian—it is one of those words that we could spend a good deal of time pulling apart and constructing, and I understand the construction that you have made on the term. But we do not believe that Mr O'Brien was taking sides in the debate. Mr O'Brien, being an experienced broadcaster of note, is a broadcaster whose questions, probing and cross-examination of politicians of all sides do generate a reaction from politicians of all sides. That is the way it has been for a decade. Criticisms have been made from people on your side of the chamber of Mr O'Brien; criticisms have been made from the other side of the chamber of Mr O'Brien. I do believe that he is a fair and analytical broadcaster, however, Senator, and I do not believe he was taking sides by using that word in a simple question.

Senator FIERRAVANTI-WELLS—Was this issue mentioned to him following your response—

Mr Scott—I believe it probably was, Senator, but I would point out that it was on 3 November. There are reviews that are done of programs. It was on 3 November 2005, Senator, so I am honestly not in a position to talk about that.

Senator FIERRAVANTI-WELLS—Well, we have periods between estimates—

Mr Scott—The one thing I would say, and it is a reference I make that we discussed previously, is that many of the interviews and many of the issues that are raised by you and others happen in a live microphone environment. I did talk about my background in newspapers, where seven or eight people might check something before it is published and even then a mistake is made. Sometimes, under the pressure of live broadcasting, words or sentences or questions could be asked that anyone would come back to, once it has gone to air, and say we might not have quite chosen those words; if we had had another moment, we may have done it differently. A number of the answers that we have given to you are a reflection that, in hindsight, perhaps different words might be chosen, a different phrase might be used, but, fundamentally, does the use of those phrases or those words reflect systemic bias or taking sides? No, I do not believe they do.

Senator FIERRAVANTI-WELLS—I think the issues went to the experience of the people making those, and that has really been the gist of the questioning that has occurred here.

Senator CONROY—You have got to stop pandering to this outrageous bullying.

Senator FIERRAVANTI-WELLS—The third area I want to talk about is the answer to question No. 100 about the cluster bombs.

Mr Scott—Yes.

Senator FIERRAVANTI-WELLS—Question No. 100 referred to your extensive coverage of the use of cluster bombs by Israel during the recent conflict. I provided copies of ABC reporting where you rely, almost ad nauseam I have to say, on reports by Human Rights Watch. However, when Human Rights Watch reported that Hezbollah fired cluster munitions into civilian areas in northern Israel, this was not reported by the ABC. I found your answer, that the ABC was not aware of any reliable reports that Hezbollah had used cluster bombs, to be astonishing. My concern is that it is all right to use Human Rights Watch when you want to put the boot into Israel, but, when it does not suit, your journalists ignore the source that you normally quote ad nauseam. Quite frankly, this is demonstrating a lack of credibility and is yet another example of anti-Israel bias by the ABC.

Mr Scott—There are a few issues you have raised there, and I would like the opportunity to address them if I may. In our response to you, it probably should have been more accurately stated that the ABC is not aware of any officially confirmed reports that Hezbollah used cluster bombs. Human Rights Watch was the only independent source for the information that Hezbollah used cluster bombs. We have cited Human Rights Watch in the past, and that report was probably worthy of some mention in ABC news coverage, such as ABC News Online.

However, you then went on to say in your question on notice that you had put the word 'Hezbollah' and then the phrase 'cluster bomb' into Google and received 285,000 responses. It does not follow that because you get 285,000 responses—

Senator FIERRAVANTI-WELLS—That was just another example. All I am showing is that, if the ABC had done some research, they would have seen it. But I did provide you with copies of the other instances and I provided you with a copy of the report. The point I am making is: it is all very well to use Human Rights Watch when it suits one side of the argument, but not the other. That is the point I am making.

Mr Scott—And, as I have said, we could have said to you that the ABC is not aware of any officially confirmed reports that Hezbollah had used cluster bombs. We do acknowledge that the Human Rights Watch report did make reference to it. Yes, we have cited them in the past; it may have been appropriate to cite them in this circumstance. However, that is the only one that we found. The suggestion that your Google reference made that this is common, widely held knowledge and there is a myriad of references is not what we have discovered in our investigations of it.

I absolutely and fundamentally reject the proposition and find it offensive that the ABC are somehow biased against Israel in our coverage. Senator Ronaldson has also written to us. There are times when we can review our reporting and think that there are some words or phrases or questions that in hindsight we may not have used, but we do take this issue very, very seriously. I am in discussion with leaders of the Jewish community and I have spoken with leaders of other Middle Eastern communities about our coverage as well.

Our commitment is to be fair, impartial and unbiased. We have to rely on our own reporters and we have to rely on feeds that we receive from other agencies we sign up to. Some of the criticism that has come through in correspondence has been about stories we have run online that have not been written by ABC reporters, but that we have received in good faith, by AFP or Reuters or others. I cannot allow your suggestion that somehow we are systematically biased to stand. I fundamentally reject that; I do not think that is true.

Senator FIERRAVANTI-WELLS—Mr Scott, perhaps I might refer you to the fact that I did write to you and the board, and I provided two volumes which traced a history of three years, in estimates and various instances. So if you would do me the courtesy of going back and having a look at that material—

Mr Scott—Well, I have looked at that material, Senator, and as you know we have discussed it. But I would just say to you that at our most senior levels in the organisation, in our working with reporters on the reviews that we do—and the reviews we will continue to do under our new editorial policies—we take it seriously. But I do not agree with your view.

CHAIR—Senator Fierravanti-Wells, your time is up. We do have a strict arrangement today. Senator Ronaldson, your time has begun. You have five minutes.

Senator RONALDSON—Thank you, Chair. Senator Trood has just advised me that he has come to check out Senator Brandis—as one of his Queensland colleagues—in the chair, and we will be judging him accordingly!

Senator Brandis—I am not in the chair, Senator Ronaldson.

Senator RONALDSON—No, you're not, but you are in the hot seat!

Senator Brandis—I am before the chair!

Senator RONALDSON—But you're in the hot seat! I have a number of matters to discuss. First, Mr Scott, can I confirm that ABC Sport very graciously invited me to view the Australian Women's Open, and I would like to make a couple of comments on that. The first is that it was a great pleasure to sit round the table at lunchtime with combatants from estimates, and your colleagues were very gracious in their welcome. It was suggested to me that they were not sure whether it was a case of inviting the chook into the fox den or inviting the fox into the chook house! But it was most enjoyable.

I do want to make a couple of comments—and, Minister, you may well be interested in hearing some of this. I was extraordinarily impressed with the ABC's commitment to women's sport. It was a huge undertaking, and your colleagues quite rightly got their pound of flesh; I think we saw four golf shots on the day, one of which was a duffed shot out of the rough on the 18th—so it was good for mere mortals to see that others do the same thing. But 125 people were involved in that, and I wanted to congratulate the ABC on its commitment to women's sport. Minister, you have before you the results of the Senate committee inquiry into women in sport and recreation?

Senator Brandis—Correct.

Senator RONALDSON—There are recommendations there, and I urge you to very seriously consider them, because I believe the ABC has a pivotal role in facilitating the expansion of the broadcasting of women's sport. It is fundamental. Senator Lundy and I were bitterly disappointed with the media reports that came out about the inquiry. The ABC was very good, but others were not. The magnitude of this task cannot be underestimated. Minister, there are proposals there; I encourage you to take them up. I think the ABC will play a significant role in driving that forward, and I congratulate you on the work that has been done, Mr Scott.

Mr Scott—Thank you; I will pass that on to the team.

Senator RONALDSON—You are leading the fight, and can I encourage you to continue to do so.

Senator LUNDY—I would like to endorse those comments. Also, last time we ran out of time but I was going to ask you what the ratings for the live screening of the final test in the netball series were, where Australia played New Zealand, which Australia won.

Mr Scott—I will find that for you. It was over several hundred thousand.

Senator LUNDY—I would be interested if you could just forward them to me, because that again was a—

Mr Scott—I will forward those to you, and the weekend ratings for the women's golf, which were quite pleasing, particularly on the Sunday.

Senator LUNDY—Yes, terrific. We would be very interested in what the ratings were.

Mr Scott—Yes, certainly.

Senator Brandis—Senator Ronaldson, could I just respond to your observations about the women in sport inquiry. The report of that inquiry was delivered on 6 September last year. I know that the government's response to it was under careful consideration by my predecessor in the portfolio, Senator Kemp, and a full response to the report will be delivered shortly. I agree with you that many of the recommendations of the report were very sound.

Senator RONALDSON—Thank you. I think the issue is not so much—I take Senator Lundy's point—what the ratings were for that particular event; the issue is what the ratings can be for women's sport if there is a broad suite of such sport available and when the community gets used to it.

Mr Scott—I agree with what Senator Ronaldson said. It is very interesting to look at the experience in New Zealand, where netball has continued to grow and where putting women's netball to air is now the focus of considerable bidding amongst major content providers. You do need to grow these things and invest in them, and that is what we are trying to do. Senator Lundy, I have the average audiences for the women's netball—the first match, on 12 October, 68,000; the second match, on 14 October, 269,000; and the third match, 209,000.

Senator RONALDSON—I do have a couple of questions.

CHAIR—No, you have actually run out of time, Senator Ronaldson.

Senator RONALDSON—Senator Conroy has indicated that I've got a minute left because of the—

CHAIR—No. We have run out of time. We had a very strict agreement.

Senator CONROY—It's his birthday.

CHAIR—Given the discussion last night, I am very reluctant to—

Senator CONROY—Come on, it's his birthday. It's his mum's birthday too!

CHAIR—Well, given that it's your mother's birthday, we will let you put your questions, but please do not take too much time.

Senator RONALDSON—When I spoke to her this morning, she asked that her very best wishes be passed on to the committee too! I have a number of questions that I intend to put on notice. I just want to ask you one question now. On the *AM* program on 8 December 2006 on ABC radio, David Hardaker reported on the Iraq Study Group's call for efforts towards Middle East peace. Mr Hardaker said the hardest part would be:

... the implementation of UN resolution 242 which was passed almost 40 years ago and demands that Israel withdraws from Occupied Palestinian territory.

Does the ABC acknowledge that the UN resolution does not in fact describe the territory referred to as 'Palestinian'? Is the ABC aware that the resolution also requires that Israel receive peace and security in return for withdrawal from relevant territories? And, on this basis, do you believe that that report in this case was balanced and objective?

Mr Scott—I have two things in response to that. I would need to go and check the detail of the resolution which, you will understand, I do not have before me. The other thing I would really like to do is check the entire transcript of the program and the context of that comment. When we look at particular sentences, particular phrases, of our reporters, they do need to be

reviewed in the full context of the program—what was said before and afterwards, what other commentators said as part of the item. I will do all that and come back to you, Senator.

Senator RONALDSON—I thank you for the acknowledgements of errors. I think they need to be more widely published, but it is certainly a step forward and I encourage you to continue enforcing those strong editorial policies.

Mr Scott—Fundamental to our editorial policy is accuracy. Accuracy is the cornerstone of our credibility. If there are errors that come to light or are pointed out to us, we are happy to acknowledge them.

Senator RONALDSON—Thank you, Chair.

CHAIR—Thank you, Mr Scott and the other officers from the ABC, for coming back this morning. We look forward to seeing you again in May. That concludes this aspect of these hearings. We will now move on to the arts section of the portfolio.

Senator CONROY—Could I just check on the finishing time for the Arts and Sport portfolio?

CHAIR—Three o'clock. We are pushing it back an hour.

Senator CONROY—Yes. That is what I am reaffirming. I would like it on the record.

CHAIR—We are going to finish the Arts and Sport portfolio at three o'clock and then move on to Environment and Water Resources. We should also formally acknowledge that it is Senator Ronaldson's birthday—

Senator CONROY—And his mum's.

CHAIR—and his mum's, and hope that both of them have an enjoyable day!

[10.08 am]

National Museum of Australia

CHAIR—We welcome officers of the National Museum to the table. Who is leading off? Senator Conroy.

Senator CONROY—I welcome our new Minister for the Arts and Sport, Senator Brandis, in his official debut. Can you provide some detail on the \$1.04 million to fund the national heritage collection acquisitions, as outlined in the portfolio budget statement of 2006-07?

Mr Morton—Senator, what sort of information are you looking for? Are you looking for the sorts of things we have been acquiring with the money?

Senator CONROY—Yes. That's a good start!

Mr Morton—In 2006-07 the major acquisitions include a selection of Captain Cook artefacts, including a magnifier which carries an engraved dedication to Cook's astronomer, William Bailey, who sailed on the second and third of Cook's Pacific voyages; an 18th century surveyor's playing table; and two embroidered maps of the eastern and western hemispheres that traced Cook's three voyages. That is an example of the Cook material. That material in value was in the order of \$200,000 in terms of purchase. There are two bicornal baskets collected on a farming and grazing property established in 1876 in the Hinchinbrook shire of North Queensland. They are quite rare examples of the baskets from there. There is a

collection of traditional Solomon Islands artefacts, the Ludwig Leichhardt brass name plate, Greg Chappell's Australian test captain cricket bat and an Australian Aboriginal League banner: 'The Aborigine speaks, the voice of the Aborigine must be heard.' That is a range of the material that we have collected over the last 12 months.

Senator CONROY—Could you give us some details of the \$2.45 million to assist with gallery redevelopment as outlined in the PBS of 2006-07?

Mr Morton—The gallery redevelopment program, the National Museum enhancement program, as we call it, is a response, as you know, to the Carroll review of the National Museum of Australia from 2003. It incorporates the plans that we have to redevelop a number of galleries. Principally it involves the refurbishment of the Horizons gallery as 'Australian Journeys' and the Nation gallery as 'Creating a Country'. It also involves the reformatting of the *Circa* filmic introduction to the National Museum. The plans for the development of this whole project over the next four years are well advanced. We have put out an open request for tender for exhibition design services for the refurbishment of the Horizons and Nation permanent galleries. Tenders closed on 18 January and we are in the process of selecting the successful tenderer. It is estimated that a consultant exhibition design organisation will be contracted by March. The Nation gallery, as I said, will be redeveloped as 'Creating a Country'. That is a little bit further down the track. It is scheduled to open in May 2009. We are doing it sequentially. The *Circa* theatre program, which we hope to open in December this year, has been out to tender, and tenders close on 19 January. Once again, we expect that consultant will be in place by March 2007 to commence work.

Senator CONROY—With those two programs, have you spent all the money allocated? Does that list you gave me cover all of the money or have you got some more purchases planned?

Mr Morton—No, the money is phased over a three- to four-year program. In addition to the new funds that we have got, we are using some of our depreciation reserves as well. Perhaps Mr Smart can give you more detail on the actual course of expenditure.

Mr Smart—Most of the money for the *Circa* redevelopment we are funding through our own money, so that figure in the PBS is mainly for the capital works of the gallery redevelopment itself. That money has been appropriated but, as Mr Morton mentioned, tenders are just being let for that work.

Senator CONROY—In terms of the heritage collection, is that all the money spent or do you have some money left?

Mr Morton—In terms of our acquisitions budget, we do have some funds left and we are still envisaging a number of purchases this year.

Senator LUNDY—Can you describe the structural damage that occurred with the storm a little while back and tell us how much it has cost the museum to fix?

Mr Morton—Yes, Senator. Happily, the structural damage was minimal. It was restricted to the roof of the administration wing corridor, and the damage was caused in essence by a blocked box gutter which was blocked by the hail then overflowed into the roof cavity and came down through the gyprock, causing damage to the roof, some of the insulation, the walls, the floor and some paintings which were hanging in that corridor. We estimated the

value of the damage to be in the order of half a million dollars. We believe that that estimate is pretty correct, although at this stage, because we have not let the restoration work, we have not got a precise figure. Of that amount, the museum will be liable to an excess claim of \$50,000 and the rest will be covered by Comcover. At this stage we have spent about \$15,000 to \$20,000 in opening that corridor for public access.

Senator LUNDY—Have you done an assessment of the rest of the building? We are lucky enough to get rain in Canberra, let alone hail, although the last weekend would have disproved that statement. Have you been able to make an assessment on the rest of the building as to the level of risk from storms or hail or gale force winds?

Mr Morton—Yes, we have. One of the by-products, if you like, of the damage to the admin corridor was the fact that the rest of the building held up very well and it was not subject to the same degree of damage—in fact, it was not subject to damage at all. But as part of the recovery process we did make an assessment of the building, and the assessment showed that the building is in good shape. Ms Nethercott-Watson might be able to add to that.

Ms Nethercott-Watson—We did do an assessment immediately after the first incident and the rest of the building actually held up quite well.

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

CHAIR—Thank you very much for appearing today.

[10.17 am]

Australia Council

CHAIR—I now welcome the Australia Council witnesses, particularly Ms Kathy Keele, the new chair, who I understand has only been in the position for the very short period of a week. We welcome you to the position, Ms Keele, and also acknowledge the great work that Jenny Bott did while in the same position.

Senator CONROY—The former minister for arts, Senator Kemp, announced in January triennial funding—we should acknowledge that Senator Kemp is at the table.

Senator LUNDY—Welcome, Senator Kemp.

Senator KEMP—Thank you very much; it is a pleasure to be here.

Senator CONROY—Senator Kemp announced triennial funding for the Australia Council of \$418 million. Were you expecting this announcement prior to the May budget?

Ms Keele—Not particularly, no.

Senator CONROY—Is it standard practice for the minister to make a funding announcement of this kind before the budget? It caught me by surprise—I would have expected it in the budget. I was wondering if that had happened before.

Senator KEMP—I can add some background here.

Senator LUNDY—It is not your role.

Senator KEMP—Senator, we thought that you would be very interested in this news, so we released it.

CHAIR—There you are; that is the answer.

Senator CONROY—I do not want to sound silly, but—

Ms Keele—Senator Conroy, I actually was not in this seat at the time, so it is a little bit difficult to answer.

Senator CONROY—Is there anyone who has worked at the organisation for slightly longer than you that might answer?

Ms Williams—Senator Conroy, I might be able to help you. These decisions do come out of the budget when the government believes that they are necessary perhaps to give some certainty.

Senator CONROY—Certainty. What was uncertain at the time?

Ms Williams—With these triennial fundings, it always helps if the agency is aware that the triennial funding will continue.

Senator CONROY—In my experience with the ABC and other triennial funding arrangements, they are always announced in the budget. It caught me by surprise that this one slipped out early. Was this Senator Kemp's swan song, was it?

Ms Williams—A decision for government, Senator Conroy.

Senator CONROY—He doesn't get to ask or answer any questions; it is all right. He is just being naughty.

CHAIR—It was a good decision, so we should give Senator Kemp due praise for his foresight.

Senator CONROY—Did the funding level meet the funding request of the council?

Ms Keele—Yes, it did, and I believe that there are some additional conversations on some new proposals still in debate.

Senator CONROY—A report in the *Australian Financial Review* on 17 January 2007 commented on the fact that the 'commitment of \$139 million a year appears lower than the \$152 million received in 2005-06'. Can you explain the discrepancy?

Ms Murphy—\$139 million is actually the base appropriation that we receive. On top of that, funds are received for government initiatives like Books Alive as well as some other appropriations or programs that council runs on behalf of government.

Senator CONROY—So the \$152 million in the previous allocation—was that your base funding?

Ms Murphy—That was base funding plus other programs, like government initiatives.

Senator CONROY—So you are saying that all the money was rolled up previously in one number, but this time around there were two numbers?

Ms Murphy—No, the triennial funding is actually only from our base funding. Other programs such as government initiatives are subject to either new policy proposals or different program confirmation.

Senator CONROY—So the \$152 million previously was base funding plus other things?

Ms Murphy—That is right.

Senator CONROY—And the \$139 million is just base funding?

Ms Murphy—That is right.

Senator Brandis—I can help you here. I am advised that the amount of funding announced over the triennium was in fact an increase of \$20 million.

Senator CONROY—Thank you for that, Senator Brandis. Do you expect further funding in the upcoming budget for other initiatives?

Ms Keele—We have proposals before the government for other funding initiatives.

Senator CONROY—What initiatives are you seeking funding for?

Ms Williams—I think this is really a matter for the budget, Senator Conroy.

Senator Brandis—I think that is right, Senator Conroy. I do not think any of the officers can be expected to comment on budget submissions.

Senator CONROY—We can ask what they want; you can intervene and tell them not to answer.

Senator Brandis—It might be a more efficient use of your time, Senator Conroy, of which I am always very solicitous, if you do not ask questions that you can anticipate the officers cannot properly answer.

Senator CONROY—That does not mean—they can if they want.

CHAIR—They cannot really. What is in the budget is a matter of policy.

Senator CONROY—No, it is not what is in the budget—it is what they ask will be in the budget. They are actually two different things.

Senator Brandis—Senator Conroy, to help you make the best use of your time and that of your colleagues, can I foreshadow that no questions in relation to what may be contained in budget submissions will be responded to, because it is not appropriate that they be.

Senator CONROY—You can intervene in each instance and rule that the question not be answered.

Senator Brandis—It is a matter for you how you want to use your time, Senator.

Senator CONROY—Thank you, Senator Brandis. As always, you are helpful. Do you see the need for additional funding in the small to medium sized arts companies?

Senator Brandis—That is a matter of policy as well, Senator Conroy, which, as you know, under the standing orders governing this committee is not a proper question.

Senator CONROY—So are you ruling it out?

Senator Brandis—I am not ruling anything. I am simply indicating the inability of the officers to respond, for the reason I have stated.

Senator CONROY—They are not departmental officers. That is the problem we have not quite grasped yet.

Senator Brandis—I understand that, Senator Conroy, but, whether they are departmental officers or agency officers, it is not appropriate for them to respond to questions in relation to matters of policy.

Senator CONROY—I am not asking them about the current government policy. I am asking them what they think about the need for funding for small to medium sized art companies. Because you have not done this before: we frequently ask agencies like the ABC and the one that has just been here what areas they think they need funding for. I know this will come as a surprise to you, but they frequently answer.

Senator Brandis—Senator Conroy, nothing you say comes as a surprise to me. Any question you ask of these officers which in my judgement bears upon what may be a matter of a budget submission or asks for comment about the appropriateness of the level of funding in the current budget is not a question which in my view they can appropriately respond to.

Senator CONROY—Well, the good news is that you do not get to make that decision; the committee does. You can give them every hint in the world that you want them gagged, but you just get to flap your lips and have an opinion.

Senator Brandis—It is a matter for you what questions you ask, Senator Conroy, but it is a matter for me what responses are—

Senator Conroy—The committee determines what is a question or not, not you. But I repeat, Senator Brandis, frequently with agencies—

Senator Brandis—It is a matter for me to determine what questions are responded to.

Senator CONROY—Yes, but what questions are asked is up to the committee. I am not trying to be argumentative.

Senator Brandis—Senator Conroy, that is why I said to you before—and I am really trying not to be argumentative with you—that I thought it would be useful for you to know in advance, if you don't already, what categories of questions I will not feel able to have responded to so that you can make the best use of your time asking questions which may be able to appropriately elicit a response.

CHAIR—Senator Conroy, I might just remind you that part of the opening statement which I read yesterday and this morning said that the Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. The minister has given you a statement of principle of what the response to such questions will be and I think you should therefore couch your questions accordingly.

Senator CONROY—Without wanting to try to start an argument with Senator Brandis, the practice with many agencies has been to talk about the areas they have responsibility for—because I am not actually sure what is left if you are not allowing them to talk about what areas they have interests in and have views about. By definition every single question falls into a policy or a spending initiative. Perhaps you are being a little overzealous at an early stage in being a little overly protective. That is all I would suggest to you. I think many agencies, like the ABC, get asked questions such as 'Are you seeking more money for digital TV?' and they actually quite frequently answer things like 'Yes.'

Senator Brandis—Senator Conroy, I tried with what precision of language I am capable of to give you an indication as to the areas which I think particularly in the budget process are

no-go areas, applying broadly the standing order which Senator Eggleston has read. It is a matter for you how you want to phrase your questions.

Senator CONROY—The point that I make is that I think perhaps you are defining it a little too broadly.

Senator Brandis—That is a matter of opinion.

Senator CONROY—No, I am just asking you to consider that.

Senator Brandis—What I suggest is that you ask your questions, being mindful of what I have indicated to be the areas where I do not consider I can offer a response.

Senator CONROY—I think a literal interpretation of what you have defined actually means there are no questions left to answer.

Senator Brandis—I do not think that is right, Senator Conroy.

Senator CONROY—What is the weather like today—is that okay?

Senator Brandis—As you know, I am always concerned to ensure the opposition gets a fair go in these committees, as I used to be as the chair of another committee, as you well know.

Senator CONROY—Joking aside, Senator Brandis, a literal interpretation of what you have described means there are no questions left to answer, so I have finished my questions.

Senator Brandis—All I can suggest is that you ask your next question, Senator Conroy.

Senator CONROY—I have finished my questions.

CHAIR—Senator Conroy, we thank you for that. Does anybody else have questions? As there are no further questions, we thank the Australia Council for their appearance.

[10.30 am]

Australian Film Commission

CHAIR—Welcome. Who is going to lead off? Do you have any questions, Senator Kemp?

Senator KEMP—In view of the great interest in the arts that Senator Conroy is taking for the first time—and I have only been in the parliament for 16 years—I think I should defer to him.

Senator CONROY—I appreciate that vote of confidence, Senator Kemp. Has the minister read the document *Independent statutory authority status for the National Film and Sound Archive*, jointly released by the Australian Society of Archivists, the Archive Forum, Friends of the National Film and Sound Archive and the Australian Historical Association, in July 2006 and subsequently submitted to the review on Australian government film funding support?

Senator Brandis—I have been briefed on the document. I have not read the document through.

Senator CONROY—Has the minister addressed the many questions raised by this document which demonstrate the unworkability of the present subordination of the NFSA to the Australian Film Commission?

Senator Brandis—Without accepting the premise of your question or the characterisation of the conclusions of the document, that is a matter under consideration at the moment.

Senator CONROY—Do you have any thoughts on it, at this early stage—and I appreciate it is an early stage?

Senator Brandis—It is a matter under consideration at the moment.

Senator CONROY—When will the current review on Australian government film funding support provide its public report?

Senator Brandis—That is a matter which is currently under consideration at an advanced stage by government. I would rather not respond any more fully than that because—

Senator CONROY—Is it six months away, three months away?

Senator Brandis—I am not going to put a time line on it, but in the fullness of time I think you will understand why I hesitate to go beyond that. The matter is a very important matter in the portfolio. It was the subject of very exhaustive work by my predecessor, Senator Kemp, which I am pursuing at the moment.

Senator CONROY—Will there be opportunities for full public consultation on the government's planned actions?

Senator Brandis—In relation to the film—

Senator CONROY—Yes.

Senator Brandis—My understanding is that Senator Kemp undertook extensive consultations with stakeholders. In the two weeks or so that I have been in the portfolio, I have also consulted with a number of stakeholders—and I am continuing to do so.

Senator CONROY—Will consultations be public?

Senator Brandis—At the moment, the consultations have been with industry participants. That is the way I would anticipate that the consultations will proceed.

Senator CONROY—So you will not be broadening the consultations out to any public consultations?

Senator Brandis—This is a matter which is part of the budget process. I can tell you—and I think you will understand why I do not go further—that there were very, very extensive consultations with all the industry stakeholders by Senator Kemp, which I am now pursuing. As I said a moment ago, in the short time that I have been in the portfolio, I have been getting around the various stakeholders to continue that dialogue with each of them. It is part of the budget process and the outcome of that process is something of which we will have news in due course.

Senator CONROY—Will the future of the National Film and Sound Archive be dealt with in this review?

Senator Brandis—That is a matter for government and part of the budget process.

Senator CONROY—Will the government finally take heed of the recommendations of such knowledgeable professionals as I outlined earlier and make the NFSA a separate statutory body?

Senator Brandis—That is a matter under consideration.

Senator CONROY—Is the minister aware of the resolution adopted by the annual general meeting of the Australian Society of Archivists on 19 October 2006 which reads in part:

The ASA urges that any structural rearrangements arising from the review which impact on the National Film and Sound Archive be most carefully considered because it now lacks its own council or other high level government body to represent its interests during the current process. It is appropriate for professional bodies like the ASA to be its advocate.

Will the review lead to a sensible, perfect and careful public consultation about any steps affecting the NFSA before actions are decided finally by government?

Senator Brandis—You asked two questions. The answer to the first question is: the resolution has been drawn to my attention. The answer to the second question is that the matter is the subject of consideration by government and you can be reassured that whatever consultations are appropriate to have taken place have or will take place.

Senator CONROY—Will the minister release for public information the report and other documents of the 2002-03 review of cultural institutions which led to the integration of the National Film and Sound Archive, then known as ScreenSound Australia, with the Australian Film Commission?

Senator Brandis—No, because I am advised that was a budget-in-confidence paper.

Senator CONROY—Okay.

Senator Brandis—Thank you.

CHAIR—Is the Australian Film Commission making any special endeavours to provide Australian film product for the international digital market in its various forms? Is that an opportunity you see as a future market for Australian film product which might enhance the development of Australian film?

Mr Fitchett—Yes. We fund the development of digital content and also the production of digital content on websites. In answer to your question, in terms of both Australian users and those overseas, we do that. We also attend digital markets overseas—we have a stand at those markets—and facilitate Australian producers in the digital content production area.

CHAIR—This is mostly for putting together animation and such things as that?

Mr Fitchett—It includes animation. In fact, Australia has a very successful animation industry and we support that in terms of development and professional development. But there is also digital content on broadband.

CHAIR—I attended a presentation last week in which there was a comparison of the different kinds of subsidies offered around the world for digital animation and post-production digitalisation. From what we heard, it seemed that the international market is very competitive and that Australia's specific competitors are perhaps countries like Canada and some of the European countries. There was a view that there should be more flexibility in the provision of benefits or subsidies, if you like, to the Australian producers of digital products so that they can compete more effectively with the Europeans and Canadians. Do you have any comment on that? Do you think a system could be made more flexible?

Mr Fitchett—At the moment we support a lot of animation, which is obviously digital animation, in terms of children's drama. But there are also projects like *Harvie Krumpet* and *Jasper Morello*—both were nominated for Academy Awards. So there is a lot of support in that area. In terms of flexibility, I think that is—

CHAIR—We are talking about incentives and rebates.

Mr Fitchett—That is a question I cannot answer, so I will take that on notice.

CHAIR—Thank you. There seemed to be a view at this meeting that other countries—New Zealand in particular—change the level of rebates offered according to what the international market is offering, so they have more flexibility in attracting work to New Zealand than Australia does. The Australian government has not built that flexibility into the system. That is what I am really talking about. Is that an issue which concerns you?

Mr Fitchett—Is that the refundable film tax offset?

CHAIR—Yes.

Mr Fitchett—That was part of a review. We await the outcomes of that review.

CHAIR—Is a more flexible approach part of the consideration?

Mr Fitchett—Our submission argued for a more flexible approach—yes.

Senator WORTLEY—When will the government's response to the audiovisual industry review that it conducted last year be available?

Mr Cameron—Are you referring to the review of the film funding arrangements?

Senator WORTLEY—Yes—specifically relating to the audiovisual industry.

Mr Cameron—The department conducted a review of the film funding arrangements last year. As the minister has indicated, the government's consideration of that review report is at an advanced stage and is being considered in the context of the budget process.

Senator WORTLEY—Also in relation to that is the refundable film tax offset scheme.

Ms Williams—It is part of that same review.

Mr Cameron—To clarify that, there was a specific statutory obligation for a review to be conducted of the refundable film tax offset scheme. As the secretary indicated, that review was conducted last year, with some input into the wider review. A report of the RFTO review was tabled in both houses late last year.

Senator WORTLEY—With regard to the AFC, what solutions do you have to address the lack of private investment in the audiovisual industry? What solutions do you think the government should be putting forward to address these issues?

Senator Brandis—As to the second part of your question, that obviously is a matter of policy. I cannot, at the moment, go beyond repeating what I said in response to Senator Conroy's earlier questions—that, without conceding, for the purposes of the answer, the premise of your question, the entire question of government support for the sector is at an advanced stage and is part of the budget process.

Senator CONROY—Are we still looking for a CEO or have you taken over?

Mr Fitchett—I am acting CEO until 30 June this year.

Senator CONROY—Has an appointment been made?

Ms Williams—No. The appointment has not been made. Because of the film review and because it may have implications for the spread of the various agencies, that was put on hold pending decisions.

Senator CONROY—The past CEO's resignation was announced by the minister on 12 January 2006. Is that right?

Ms Williams—I think that is right.

Senator CONROY—It is my understanding that an executive search agency was appointed on 27 April 2006.

Ms Williams—The whole process was well underway but, since the film review may well impinge on what the different agencies are doing, it was agreed that the process should be put on hold pending decisions on that review.

Senator CONROY—I understand a selection panel consisting of the secretary of the department, the chair and deputy chair of the AFC, and the Public Service Commissioner are short-listing candidates.

Ms Williams—They were, but the whole process was put on hold.

Senator CONROY—The whole process was just put on hold?

Ms Williams—Yes.

Senator CONROY—Senator Brandis, did you say the outcome of this review is pending shortly?

Senator Brandis—I did not use the expression 'pending shortly'.

Senator CONROY—Sorry, not 'shortly'; 'in the fullness of time'?

Senator Brandis—No.

Senator CONROY—'Rome was not built in a day'?

Senator Brandis—No. What I said, Senator Conroy, is that the consideration of the matter is at an advanced stage and is part of the budget process.

Senator CONROY—I get a sense, then, that given that you have put the position on hold you will recommence the whole process once the structure is decided.

Ms Williams—Yes, once the review is final.

Senator CONROY—Once the review is final, you will know what the structure is and how you are doing it. You are then going to start again from scratch?

Ms Williams—No—we will consider that, but we told all the people who had applied why it was put on hold. Everybody is aware. We will reconvene; we will discuss the whole issue. If there was a major change—which would not be anticipated, but if it was—we would consider whether we should readvertise. But at this stage we would reconvene the process.

Senator CONROY—I am sure Mr Fitchett is doing an excellent job; it is just that it has been a year since the resignation. It is just an awful long time for anybody to have to act in the role.

Ms Williams—We are very grateful he is doing so.

Senator CONROY—As I said, I am sure he is doing an excellent job. Is this a record? Has there been a vacancy for a year in other positions?

Ms Williams—I think it is not. People who are applying for this job would want to be certain they knew what they were taking on. I think it is justified.

Senator CONROY—A year is justified. Sorry, Senator Brandis: I thought you were helping Ms Williams answer her question.

Senator Brandis—No.

Senator CONROY—I know how helpful you are.

Senator Brandis—I was just having a word to Ms Williams.

Senator CONROY—Pulled her into line, did you?

Senator Brandis—What was the question again?

Senator CONROY—I have finished my questions in those areas.

CHAIR—As senators have no further questions, we thank the Australian Film Commission for appearing today.

Proceedings suspended from 10.43 am to 11.03 am

National Archives of Australia

CHAIR—Welcome.

Senator CONROY—Can you update the committee on the additional funding of \$26.5 million for a new storage facility in Canberra? What is happening with that?

Mr Gibbs—The project will be self-funded from within our budget. The costs will be borne by the developer and the building owner. It will be funded in two ways: assets we have and rent foregone on buildings we currently lease. The building we currently occupy and pay lease costs on is at Mitchell. Another one, at Greenway, will be closed. That is the way we will pay the ongoing lease costs of the new building. I can provide a fuller answer if you want, but, in summary, that is how it is to be funded.

Senator CONROY—Has a site been chosen for the facility?

Mr Gibbs—No, there has not. At this stage, expressions of interest have been called for with responses due at the end of this month. The whole deal will be done when we choose a developer: the site, the design—all those things will be done with the developer when that has been determined.

Senator CONROY—Given that you do not have a site yet, what options are open for the archives?

Mr Gibbs—As in a new building?

Senator CONROY—Yes.

Mr Gibbs—We have had a plan for many years of what we would like, and we also have some views on a site. Because we are replacing the two buildings we currently have in Canberra, we would like it to be in the Canberra area. That is where we will be telling the developer to look. We have been doing preliminary work on looking for sites, obviously.

Senator CONROY—What are the archive's requirements in terms of space, proximity to National Archives of Australia and cost? What are the parameters?

Mr Gibbs—It is a toss-up. Currently, we occupy a building at Mitchell and one at Greenway. Each day the records for use are brought from there to the building in Parkes. That is an ideal distance, but we could go further than that. There is a courier set up already. It would not want to be Sydney, but it could be further out than Mitchell. That will be part of the cost determinants as we work out the cost of operating the building.

Senator CONROY—Are you looking at existing building or are you going greenfields?

Mr Gibbs—We are going for a greenfields site, a new plan. The buildings we have currently are a generation old. Mitchell is 25 years old. Whilst it has served us well, it has become expensive to operate. A lot has happened in archival building design and operation in that time.

Senator CONROY—Have the archives prepared forward estimates for the running costs of the new facility?

Mr Gibbs—We have—yes.

Senator CONROY—Could you provide the details?

Mr Gibbs—Yes, certainly.

Senator CONROY—I am happy for you to take that on notice.

Mr Gibbs—Yes, we can.

Senator CONROY—Are there any other costs related to the new storage facility?

Mr Gibbs—None that we have not thought of, I hope.

Senator CONROY—Could you give us a breakdown of the costs? I am happy for you to take that on notice.

Mr Gibbs—Because it is being done under Commonwealth property principles and we do not even have an expression of interest, let alone a developer and a site, you will understand that there will be a certain degree of flexibility in the costs.

Senator CONROY—Okay. For the fit-out of the new building, what are the archive's requirements? Is it purely for storage of archival material or other uses?

Mr Gibbs—It is preservation. While it is notionally a repository, it will be built to the best standards currently available in the world. Therefore it is going to preserve everything. So preservation facilities will be part of it as well for both paper and audiovisual.

Senator CONROY—Will the new storage facility have the capacity to store archives in all their forms—digital records and hard copies?

Mr Gibbs—It will be able to store paper and audiovisual. It does not have any specific digital component built into it yet.

Senator CONROY—That sort of storage is very popular and is considered to be the one to go for in the future. You are building a facility that does not incorporate new technology?

Mr Gibbs—We already have specialist facilities that we have designed and built that are operating at Mitchell. If we were going to put it up to industrial scale and assume that the whole of government was coming to us in digital format, no, we do not have that facility yet. But that is some time off.

Senator CONROY—But the new site will have the capacity to build onto that, or to add to it?

Mr Gibbs—Yes. That is certainly what we are hoping for when we start discussions with the developer.

Senator CONROY—How are the records which will be sent to this new facility currently stored?

Mr Gibbs—Most of them are stored quite appropriately at our store at Mitchell and, somewhat less appropriately but still satisfactorily, out at Greenway. Some material might be moved from around the country, but that is essentially where it will come from. The other material that will come into it, of course, is the material that is still out in government agencies around the country which we have not been able to take until now because we have not had the space.

Senator CONROY—I note that the report in the *Canberra Times* stated that the new facility will have a space for 200 kilometres of files. How much space will be utilised when the archives initially move records to the new facility? And where are these records currently stored?

Mr Gibbs—Looking at what is currently at Mitchell and Greenway, there is well over 100 kilometres being moved from there. It is a matter of how much we move from the states. We are planning to move some from Victoria as well. That will be part of the design and planning with the developer. The planning was to give us space for growth for another 10 years after it is opened in 2010-11.

Senator CONROY—Only 10 years? I would have thought that you might need to plan beyond just 10 years. Or are you getting a site that is big enough that you can build onto or around?

Mr Gibbs—What we are trying to plan to do goes to the question you asked earlier. We think that, when we start to just take in the digital material from government, space is not going to be quite the requirement that it was before the new technology. It would be remiss of us to plan a great expanse for paper or even audiovisual when we think the new digital media is what will be coming to us in the future—that is, digital.

Senator Brandis—It will be big enough to accommodate all the documents charting your illustrious career, Senator Conroy.

Senator CONROY—That will be nowhere near as large as yours. Your file will be much bigger.

CHAIR—Thank you for your appearance today.

[11.10 am]

National Gallery of Australia

CHAIR—We now call the National Gallery of Australia. I welcome Mr Radford and Mr Froud to yet another round of estimates. We will begin questioning.

Senator WORTLEY—It was reported in May 2006 that the gallery was negotiating with the government a funding injection of \$30 million for the planned changes as outlined in the director's vision statement. Can you confirm that this was the amount submitted to government?

Mr Radford—That was an amount put in the press, but it was made up by a journalist, I think.

Senator Brandis—Surely not!

Mr Radford—We never made an announcement of that nature.

Senator WORTLEY—That was not the amount submitted to the government?

Mr Radford—No.

Senator WORTLEY—What was the amount submitted to the government?

Mr Radford—The amount that went to the government was \$73 million for the new building.

Senator CONROY—What is the name of the journalist?

Senator WORTLEY—Now, now!

Senator CONROY—Come on; name names. Who was it?

Mr Radford—I do not recall, senator.

Senator CONROY—That is far too modest an answer.

Senator WORTLEY—It is the code of ethics. The minister's press release of 13 December 2003 states that the minister announced: 'The Australian government will provide \$92.9 million for a major building enhancement project at the National Gallery of Australia.' How much of this is actually new funding? Does it include the loan from the government of—

Mr Radford—Yes, that includes the loan. It also includes the \$21 million for refurbishment of the gallery, much of which has already been spent.

Senator WORTLEY—It includes the loan from the government of \$42.9 million?

Mr Radford—Yes.

Senator WORTLEY—Plus the \$21 million that has already been spent?

Mr Radford—Yes.

Senator WORTLEY—Can you outline how these additional funds will be spent, and what proportion will be spent on developments as outlined in your vision for the National Gallery of Australia.

Mr Radford—We have nearly finished the refurbishing part, which has been going on for several years, and we hope to start stage 1 that was mentioned in the vision statement. The

building project, I suppose it is fair to say, started as just an entrance. We have now expanded that to add the first collection display space. It is the first increase we have had since the building was conceived in 1969. That first display space has been given over to Indigenous Australian art, and then when a new bookshop is relocated—which I will talk about later—there will be our iconic Sidney Nolan Kelly series and some minor display space for photography and decorative arts.

The next part was the entrance itself. We never had an entrance that had proper facilities for those with special needs, and occupational health and safety requirements. As we have found out with the Egyptian exhibition, visitors do not quite know where to enter the building. It is quite an ambiguous opening. So we have a new opening with facilities including a new bookshop, facilities for the disabled and those with special needs, and toilets.

We have never had a place for functions and openings at the gallery or children's orientations. There is a new function room which we will use in the evenings for fundraising, for openings and to hire out and, in the daytime, children's orientations. That expands onto a new Australian sculpture garden. That is basically what stage 1 is.

Senator WORTLEY—How will the remainder of the funds be used? Will a proportion be used for the acquisition of artwork?

Mr Radford—No.

Senator WORTLEY—Is there any allocation for the acquisition of artwork?

Mr Radford—As it happens, there will be planned sculptures in the sculpture garden, but that is from different funding.

Senator WORTLEY—Can you confirm that funding will be allocated for research and interpretation of Australian art as outlined in the vision statement and, if so, how much of that would be allocated?

Mr Radford—No. That was for stage 2. The Centre of Australian Art is in stage 2, not stage 1.

Senator WORTLEY—None of that funding will be used?

Mr Radford—No.

Senator WORTLEY—Can you confirm that funding will be allocated for a research institute and public education centre?

Mr Radford—The function room will be used as an education centre in the daytime for children's orientations.

Senator WORTLEY—There will not be a designated education centre.

Mr Radford—No. That will be in stage 2.

Senator WORTLEY—What proportion of the funding will go towards updating the lighting system?

Mr Radford—On the ground floor of the gallery, which are the main collection spaces, that has already been done. We engaged George Sexton, who is the most experienced lighting

consultant in the world, to do our international and Asian galleries. We will continue to do that throughout the upper level year by year. That is included within the \$21 million.

Senator WORTLEY—Do you know how much of it will be dedicated to lighting?

Mr Radford—No, I cannot recall the actual lighting amount.

Senator WORTLEY—Could you find that out?

Mr Radford—We will need to take that on notice.

Senator WORTLEY—Thank you. How far progressed is the gallery in making all collections available on line?

Mr Radford—We have made a lot of progress. We have over 20,000 of our objects on line. That is continuing. It is a major project for us to eventually get the whole collection on line.

Senator WORTLEY—When does the gallery expect to complete this process?

Mr Radford—That is a difficult question because we have 140,000 objects.

Senator WORTLEY—How many are already on line?

Mr Radford—There are 20,000.

Senator WORTLEY—Do you have a predicted year?

Mr Radford—We hope within a decade.

Senator WORTLEY—Thank you. Mr Froud, I am wondering if you could update the committee on the progress of the investigations and report by Dr Driscoll regarding claims of the sick building syndrome and possible cancer clusters. I understand you were expecting an interim report in December.

Mr Froud—That is right. The last time we were before the committee we mentioned that we were expecting an interim report in December. We have not yet received a final report, although the investigator has done a good deal of the work and has recently provided some questions to complete that first report. That draft report is well advanced. We would be talking a matter of weeks when we would expect that to be complete.

I mentioned at the last hearing that we envisage that that report, when received, would be considered by a steering committee. The steering committee overlooking this issue has representation from staff, union and management. Once the steering committee has considered and provided feedback and, potentially, suggestions for amendment to that draft report, it would then be released as a final report to the staff. At the same time we would then put it on our website so it was publicly accessible as well. I would envisage that that will occur in the next few weeks. I would be expecting it certainly within the next month.

Senator WORTLEY—Has there been any action taken following receipt of the draft report?

Mr Froud—No. We have received a working draft with elements of the report. Even the draft report is not yet complete because the investigator has asked a few other questions before he will complete that draft. Then, of course, the process that I have explained will occur.

Senator WORTLEY—Are you still expecting the final report to be available by midyear?

Mr Froud—I do not know that we were as specific as saying midyear. That depends upon the access to information that individual cancer registries and states and territories need to grant. Then the information gathered needs to be analysed and reported upon. The investigator was at some pains when talking to us to say that these decisions are for others to make. Therefore we cannot be precise about timing. But as a rough order, that was the order of thinking that he thought might apply.

Senator WORTLEY—With regard to the investigation, we discussed last time a number of avenues that would be pursued. Has the investigator been able to pursue those avenues we discussed last time?

Mr Froud—I think the essential breakdown between the two phases of this investigation process is that the first phase was to investigate known carcinogens and establish whether there was a presence of any of those or whether there had been any exposure to any of those at any time in the gallery's history through construction, occupation, display et cetera. That is essentially where the first body of work is focused. With the benefit of the information about specific cases of cancer amongst gallery staff, the second report would not only more fully analyse and build on the information in the first report but would also then look at case studies et cetera and present a full report.

Senator WORTLEY—That included former employees as well?

Mr Froud—Correct.

CHAIR—Thank you very much for your attendance.

[11.22 am]

National Library of Australia

CHAIR—The next group we call is the National Library of Australia.

Senator CONROY—Could I raise a matter while the changeover is happening. We have again been in the unfortunate circumstance where a whole range of answers to questions asked at the last estimates meeting have arrived in the middle of the committee hearing. I am sure, Senator Brandis, there is no blame on you, as you have only just taken the chair. But someone like you who has participated in estimates for a long time would understand the frustrations senators have when they only get the answers in the middle of the next set of estimates hearings.

Senator Brandis—Senator Conroy, can I say to you through the chair that I am told that there were 63 questions taken on notice, of which all but 10 had been answered before today. I made an inquiry earlier today, before the commencement of these proceedings, and was told that there were 10 answers awaiting clearance. I took steps immediately to do so and to have arranged—although this is not the ordinary procedure—as a matter of courtesy to the opposition, to have copies of those answers provided urgently to Senator Lundy's office. I think it is a fair point. I have made the point when on the other side of the table that proper questions that are not objected to are answered in a timely fashion.

Senator CONROY—I appreciate that. I have made that comment when you have been chair of estimates committees previously. I know that, with your customary efficiency, it will not happen again.

CHAIR—The issue of lateness of questions coming back from the portfolios that this committee sees has got a little bit out of hand. According to the secretariat, the proportion of unanswered questions for this committee was higher than for any other committee at the end of last week. A lot of questions were answered at the end of the week and were transmitted to the secretariat. But it really does not give the senators an opportunity to look at the answers if the answers arrive either concurrent with or immediately before estimates. I ask that an extra effort be put in to getting these questions answered on time and in plenty of time for the senators to have them before the next round of estimates.

Senator Brandis—Yes. I can give that assurance. It is, of course, a best endeavours assurance. It will not always be possible, but in the ordinary course of events it ought to be possible.

CHAIR—We appreciate that. Given your previous experience as chairman, I am sure you will put added effort into ensuring that it happens.

Senator CONROY—Could you update the committee on the progress of the work to improve the podium?

Mr Linehan—We have had all the required approvals and we have been out to tender. The tenders closed on 1 February and are currently under consideration.

Senator CONROY—In the minister's press release of 9 May 2006 he indicated that works and construction are due to begin in 2007, to minimise the disruption in the building. If tenders only closed on 1 February, clearly no work took place in January, which means major inconvenience to users.

Mr Linehan—Firstly, we are expecting the tender to be let before the end of this month and works to start in March. In the context of inconvenience to users, we have a design arrangement for the podium. We believe inconvenience to the users will be relatively minimal. There will be no services halted as a consequence; it is really just some access arrangements to the building that will be altered.

Senator CONROY—What has been the cause of the delay, given that the minister indicated that work would commence in January?

Mr Linehan—The context of the delay was probably just ensuring that we had the tender documents to the required quality so that, when we got the returns, we could undertake a full analysis and know that everything would be covered, to the best of our knowledge.

Senator CONROY—What is the projected length of the project now?

Mr Linehan—We had estimated that it would be finished by June 2008. I am not aware that that would vary in any way from one or two months at this point.

Senator CONROY—You mentioned that you have some strategies to ensure minimal disruption to public access. What are you envisaging?

Mr Linehan—The works themselves—and again I have to say that the outcomes will be subject to tender considerations and what plans they have there—are being undertaken in six different stages to minimise any areas of inconvenience. In the context of those stages, we will see them move progressively around the building almost in order. We will need to put alternative arrangements in for the disability access ramp on the southern side of the building. We will have to be closing off, at different times, half of the front of the building for access arrangements. Those are about the only major issues we need to address. In the context of services with the restaurant that operates in part on the outside, we are putting extra arrangements in place to enable additional seating inside the building while those works are being done.

Senator CONROY—They can abseil off the roof down to the cafe!

Mr Linehan—We had not thought of that. I will give that some consideration.

Senator CONROY—You could charge—it would be an extra attraction there. What major works or improvements are necessary longer term other than the podium?

Mr Linehan—Longer term arrangements?

Senator CONROY—No. What other works are necessary on the building, other than work around the podium?

Mr Linehan—A lot of the work we have been doing in recent times has centred on upgrading of the air-conditioning systems. We are currently going through different areas of refurbishment. One currently being undertaken is our training room facility.

Senator CONROY—Can you update the committee on the progress of the digitisation of the library records?

Senator CONROY—I was asking about the progress of the digitisation of the library records.

Ms Fullerton—We are making gradual progress on digitisation of our pictures collection, our maps collection and our manuscripts collection. We have received approval from the minister to let a contract to undertake major newspaper digitisation. We are in the final stages of negotiating that contract. We expect to begin digitising Australian newspapers from 1803, when Australian newspapers started, up until the copyright period, which was 1954. We will progressively digitise one major newspaper for every capital city and from each of the territories over four years.

Senator CONROY—When do you expect the pictures collection to be 100 per cent digital? I know you said it will be gradual.

Ms Fullerton—It will be gradual. We have 600,000 photographs, so it will take a long time. There are issues of copyright, so probably they will not all be done, and there are matters of priority. The National Library owns nine million items, so we never expect to be able to say our whole collection will be digitised.

Senator CONROY—Has the library costed the overall digitisation process?

Ms Fullerton—We have costed that part of our collection that we wish to have digitised, but more important for us is the issue of the library undertaking its activities in a digital world, which is wider than digitisation.

Senator CONROY—Can you provide a breakdown of the cost for digitising each collection.

Ms Fullerton—I cannot at the moment. I can take that on notice.

Senator CONROY—Thank you. Has there been a comparison with other collecting institutions with regard to the cost, time frames and efficiency of the process of digitising the library's collection? Have you looked at comparable organisations that are struggling with the same challenge?

Ms Fullerton—We do. In fact, we cooperate with libraries around the world on various aspects of this process to ensure that our processes are efficient and that the products we are producing are the best possible.

Senator Brandis—I think it is fair to say—as you may be aware, I sat on the council for about 2½ years as one of two parliamentary representatives with your colleague Mr Martin Ferguson—this is a world's best practice project.

CHAIR—Thank you. It is good to hear that your digitisation process is proceeding in the way it is.

[11.33 am]

Australian Business Arts Foundation

CHAIR—We are back to DCITA output 1.1. I welcome the departmental officers from ABaF and Film Finance Corporation.

Senator CONROY—What consultations are ABaF conducting with key stakeholders in developing a training package for visual artists?

Ms Haley—We have had quite extensive consultations nationally including, as well as some informal ones, some very specific consultations with NAVA, the National Association for Visual Arts; the outsource centre of Australia; the Copyright Council of Australia—indeed, including bringing those three agencies to a whole-of-staff meeting of ABaF, where we had quite a convivial and very useful exchange of information about what each agency does, what we plan to do and how we can collaborate.

I have also had opportunities to make presentations and have discussions with the 50-plus arts organisations that are funded through the Australia Council, through their key organisations of the visual arts, craft and design board, and peak bodies such as ArtSource in Western Australia, the Queensland Public Art Agency—a whole range of organisations, both state and national.

Senator CONROY—Can you update the progress of the training program?

Ms Haley—Surely. We have got a package that is about ready to roll out, within the next couple of weeks, called Artist Business. In that package we have a day-long workshop that ABaF has adapted from its existing Art of Good Business workshop that introduces arts and art organisations to the key elements of operating an effective and efficient business. The

workshop will have four sessions in it, including that business basics introduction. What we want to concentrate on, however, is the area for artists on building relationships, whether that is with their own direct clients, with commercial and community galleries or artists-run spaces—wherever artists might have an opportunity to sell their work. We also want to focus, because we have identified this as a critical need, on helping artists to both document and market their work and to work with the media.

In addition to the workshop, we will be looking to offer Advice Bank, which is a very successful program that AbaF has been offering to arts organisations for the last several years. That will provide one-on-one business expertise from a volunteer from the business sector to individual artists on specific projects. We are going to introduce Advice Line, which is a 1300 number that artists can call. Then they will either get advice through AbaF or we will refer them on to pro bono support from a business sector. We are also in the process of adapting much of our skills development product to be able to be delivered online through facilitated sessions. Another very successful strategy for AbaF is we will be looking at ways that we can actually stimulate the arts market by hosting events with potential buyers, with business, with corporate and private investors in art, so that artists get a chance to, I suppose, ply their wares. Those workshops that I mentioned will be running out from March.

Senator CONROY—How many are you anticipating?

Ms Haley—To the end of June we have got eight locked in, with the potential for another eight. We have anticipated that there is going to be quite a high demand for these. From July we will be offering them in regional centres as well as major capital cities. We anticipate that we will probably have delivered around 40 or 50 workshops by the end of the year to around 500 artists.

Senator CONROY—Has the online resource been implemented in capital cities yet?

Ms Haley—No, not yet. The online resource is our next cab off the rank.

Senator CONROY—When do you expect that to be completed?

Ms Haley—I would say that will probably be ready to go by May.

Senator CONROY—And the online resource for metropolitan and regional centres?

Ms Haley—We will be offering the same—there will be physical workshops in the capital cities between March and July and then in regional centres beyond that, and online services from about May.

Senator CONROY—Has AbaF leveraged any additional funds from the private sector to boost resources for the training package?

Ms Haley—We are accessing the relationship that we have with KPMG, which is a sponsored partnership with AbaF, to provide those business advisers. We do not only use the KPMG staff, but as they are a partner with the program that is our first port of call.

Senator CONROY—So it is a staff donation thing rather than dollars?

Ms Haley—Yes. But the estimated value that we have put through that program thus far is quite significant. I think Advice Bank and Board Bank combined have in the last three years

delivered about \$2.5 million worth of pro bono business support to arts organisations across Australia.

Senator CONROY—Can the minister table the advice received from his department regarding the allocation of this funding and what options were included?

Senator Brandis—I am not at liberty to do that, Senator Conroy. That is a budget matter.

Senator CONROY—Can the minister outline the criteria used to assess the effectiveness and suitability of AbaF as the provider of these services?

Senator Brandis—Can you restate your question, please?

Senator CONROY—I was just asking if you could outline the criteria used to assess the effectiveness and suitability of AbaF as the provider of these services.

Senator Brandis—Thank you. I will take that on notice.

Senator CONROY—What other organisations were considered in the selection process?

Senator Brandis—Was that to me?

Senator CONROY—Yes.

Senator Brandis—I will take that on notice.

Senator CONROY—Will the minister re-tender the delivery of this package when AbaF completes its obligations?

Senator Brandis—I will take that on notice.

Senator CONROY—Has AbaF charged any of its clients for the delivery of the program?

Ms Haley—No, it is free of charge.

Senator CONROY—Are there any plans to charge clients in the future?

Ms Haley—We see the funding that we are currently receiving as an opportunity for us to provide these resources to individual artists free of charge. One of the things that we have identified—as have many of the previous reports into the visual arts sector—as a critical challenge for visual artists is having both the finances and time to access professional development. So, while we can deliver it free of charge, I think it will be a great boon.

Senator CONROY—Thank you.

Senator Brandis—Is that all for AbaF?

CHAIR—That was all the questions. Thank you very much for appearing this morning.

[11.42 pm]

Film Finance Corporation

CHAIR—We now welcome the officers from the Film Finance Corporation, Mr Rosen and Mr Pearson. Senator Fierravanti-Wells has some questions for the Film Finance Corporation.

Senator CONROY—Good grief! Go for it.

Senator FIERRAVANTI-WELLS—Senator Conroy can go first.

Senator CONROY—No, we are going to let you go first.

Senator FIERRAVANTI-WELLS—Thank you very much. Mr Rosen, I would like to take you back to some comments you made at the May 2006 estimates, when Mr Pearson told us that the Film Finance Corporation:

... has invested in over, say, 900 titles, 12 of which have made a profit. That gives you an indication of the risk profile associated with film investment.

Looking at the most recent figures from your 2005-06 annual report, the Film Finance Corporation has received \$70.5 million in Commonwealth funding and saw a return of a little over \$1 million for its film investments. Do you believe that the Film Finance Corporation receives an adequate return on its investments? I will take you through the funding that you have given out for some of the films.

Mr Rosen—The Film Finance Corporation's remit is to support a film sector and a drama and documentary television industry. We operate on the basis that people bring in to us projects that have co-finance. We then assess those projects on a deal basis and invest in them. The film industry is a very high-risk area. The chances of returns are quite slight, and I would say that the returns that we get are equal to what a lot of funding bodies overseas would receive.

Senator FIERRAVANTI-WELLS—The risk is certainly there, but last year you predicted that the Australian films would exceed the last year's and that you were in a growth pattern. Your prediction certainly was correct, as Australian films earned \$40 million at the Australian box office, but this was largely due to successes such as *Happy Feet* and *Kenny*, which made respectively \$11 million and \$7.6 million at the box office. These two films are some of the highest grossing last year, but they were promoted and they were successful without any Film Finance Corporation support. I guess the point I am making here is that nobody seems to watch the ones you finance, and the ones that you do not finance are the ones that become successful.

Senator CONROY—That is a sweeping generalisation.

Senator FIERRAVANTI-WELLS—The point I am making is that the portaloos company that financed or helped finance *Kenny* had some idea of risk—it made a good investment—but obviously you did not think that was appropriate.

Mr Rosen—To quote a well-known screenwriter—an Oscar-winning writer—William Goldman, 'no-one knows'. The FFC looks at all approaches for investment. *Kenny* never came to us for an investment—it did not need to. They used a different government program, which is section 10BA, to finance that film. *Happy Feet* had a \$US100 million budget, which is totally outside of our range, was supported by Warner Bros and also used a government incentive—that is, the tax rebate.

Senator FIERRAVANTI-WELLS—The point I am making is the type of film. I would like you to take on notice—

Senator CONROY—What have you got against penguins?

Senator FIERRAVANTI-WELLS—I like penguins! I was there, watching the film. I think you were there as well. Mr Rosen, could you go back, as I would like some information

about how many films which were rejected by the Film Finance Corporation have gone on to be successful and turn a profit. Are you able to provide me with that sort of information?

Mr Rosen—I can only talk in terms of the time that I have been at the FFC, which is 3½ years.

Senator FIERRAVANTI-WELLS—I am sure you keep records.

Mr Rosen—No project has been rejected that has gone on to be financed and be a big success.

Senator FIERRAVANTI-WELLS—Perhaps you might go back over the last five years and see if you can get some information on that. I looked at your mission statement, which says:

The FFC's mission is to strengthen a sense of Australian identity by:

- Entertaining and informing audiences with a diversity of Australian programs;
- Enhancing the commercial viability of Australia's independent screen production sector;
- Showcasing Australia's screen production industry to the world.

I went to your website and looked at some of your projects and some of the material that you are funding in 2006 and 2007. I will table these documents and provide you with a list, and I would appreciate if you could please explain to me how each of these fits into the Film Finance Corporation. I am particularly looking at things like *Daybreakers* and programs about the world population of vampires. There are things like one of my favourites: the *Bastard Boys*. Then there are programs like *Comfort Zone*. I will produce these. Just looking on them, they hardly seem to me to be the sort of programs that strengthen this sense of Australian identity, and I would appreciate—

Senator Brandis—I take it that each of these films you are referring to are films that you have seen. You cannot judge a book by its cover.

Senator FIERRAVANTI-WELLS—I have not seen them, but the point I am making is that I would like to see an analysis of it. I have seen some of the successful ones, but obviously others do not tempt me, so I will do that. I would also like, if I could, to refer you to some commentary that has been in the press about films associated with the Film Finance Corporation. Please correct me if you have not had an association with them or financed them, or they have not come before you in any way. In an article by Miranda Devine of 10 December, and I will table this for you to provide a comment, she refers to a film by a lady called Ana Kokkinos, a sadistic film called the *Book of Revelation*, which sank without a trace 'as an example of the sort of movie favoured by the government funded Film Finance Corporation'. She said:

Lauded as a "feminist project" it is the story of a white male kidnapped by three masked women who rape, torture, and sexually humiliate him for 12 days.

So few people actually paid to see it that it doesn't even register with online movie industry bible Box Office Mojo. Is the FFC desperate to lose money?

Do you have any comments about that?

Mr Rosen—I do not think the Film Finance Corporation is desperate to lose money at all. If you look at that film, there were good reasons to make it. Ana Kokkinos is a respected

filmmaker. The producer has had some successes that have been with the FFC, namely *Priscilla, Queen of the Desert* and *Chopper*. We are here to do a diverse slate of films, and we are going to make some films that do not work as well for the public as others do. There is not a science to this; we try to do a diverse slate of films.

Senator FIERRAVANTI-WELLS—They obviously do not work with the public because only 12 of your 900, on your own evidence, are succeeding. I then refer to another one, which was a commentary which appeared in the press on—again I will table these for you—in January this year referring to a film called *The Wrong Girl*, a taxpayer funded film that will argue something strange about the notorious pack rape of a teenaged Sydney girl by 14 Lebanese Muslim youth.

Mr Rosen—The FFC has nothing to do with that project.

Senator FIERRAVANTI-WELLS—That is fine, thank you. I guess the question I also wanted to ask is: do you see that there are returns to be made in the industry when you look at successes that we have had? I think the factor of risk that Mr Pearson has referred to in his previous evidence leads to this: is this simply—and I would like your commentary on this—a smokescreen to hide what is really I think the Film Finance Corporation's obsession with investing in films that with rare exception have little or no appeal to mainstream Australian audiences?

Mr Rosen—I think you have to look at the history of the FFC. It was created in 1987, which was when the tax incentive was brought down from 120 per cent to 100 per cent. The Film Finance Corporation was set up as a broker in that instance to supply funding to support Australian films and television. If you look at recent years, the FFC has made quite a few changes. We have moved from just being what I would term a soft bank to getting involved in future films. We have two doors. We have an evaluation door where we do a subjective analysis of a film and decide whether we would support that, and then we also have a marketplace door, so we have a two-door policy. As for the marketplace door, that is when film makers get together all the various deals from distributors, from sales agents, from various festivals and then come to us for the balance of the financing.

I reiterate it is very difficult for us to be able to turn around and say what film is going to be a winner. What we try and do is support a diverse slate of films—and it's not just feature films. I should say that we do many documentaries for television, we also fund a lot of television drama for prime time and we also assist greatly in the children's television area of drama. All of those programs are there to support a diverse range of programs that work for children, that work for teenagers and that work for an adult audience.

We operate in the best function that we can. What I would also like to say is that it is not just the FFC making a decision whether something might work or not; it is also the distributor. They put a lot of money in, a sales agent puts in a lot of money and private investors put in money, so we go along with other people in financing this. All of us believe the films have a potential. Unfortunately, they do not always reach their potential.

Senator FIERRAVANTI-WELLS—I guess there is the record—and that is really what I come back to—on your own evidence of 900 titles of which only 12 have made a profit. That was the evidence that you gave at the last estimates. Unless you have got some sort of

further updated statistics about other films that may have turned a profit, that does not appear to be a very good return on taxpayers' money. That is the point that I am making. Just to look at one commentator's opinion, I will quote it. Again, I will table it for you:

... the films we subsidise now are so darkly unwatched that all we promote is the notion that Australian films really stink.

What do you say about that?

Mr Rosen—I totally disagree with that. The fact is we are an independent film sector. Independent film worldwide does appeal more to a specialist audience rather than to a wide audience. There is constantly this comparison with Hollywood films. We are not in competition with Hollywood films. We do not have the budget to be able to do that. Australian producers struggle to try and tell stories within the amount of money that is available, and we tell specialist stories.

We are never going to have lots of films and profit. Even if you go into a studio system, if you look at the amount of films that they make, only three or four of those actually are profitable titles. If you consider even the hedge funds that are going into studio films at the moment, they are only looking at a 20 per cent return on their investment. That is in Hollywood films. Independent films will never be a profitable business.

Senator FIERRAVANTI-WELLS—I would like to ask you about a film called *The President versus David Hicks*. I understand that the Film Finance Corporation jointly funded that film.

Mr Rosen—That is correct.

Senator FIERRAVANTI-WELLS—The promotional material for this film asks: 'What motivated this young Australian cowboy to become a freedom fighter for Islam?' Given that nearly \$150,000 of Australian taxpayers' money went into this project, were you aware that the promotional material for this project characterised David Hicks as a freedom fighter?

Mr Rosen—The FFC is not responsible for that material. The fact is that we co-invest with a broadcaster. They are the ones that choose the program. The producer brings the project to us and we co-finance it. We are an investor in it. We are not the producer, we are not the broadcaster and we do not do the publicity.

Senator FIERRAVANTI-WELLS—Considering the sensitive nature of the subject—and Mr Hicks's history is quite well known—surely you would have thought this would offend families of Australian victims of terrorism and that there should be greater sensitivity than to fund a project like this. Did you take that into account?

Mr Rosen—I would have to go back and look at that. The project was funded before my time at the FFC. Again, we do not see the publicity material; that gets done when the film is finished. Going into the investment, at a very early age, when the project is put in front of us we do not have all that information.

Senator FIERRAVANTI-WELLS—Could you go back and have a look at this and provide me with the material that was available to you at that time?

CHAIR—If it is available, it can be provided to the committee. Is that possible, Mr Rosen?

Mr Rosen—Yes.

Senator CONROY—Can you update the committee on the new funding rounds decision? Where are we at?

Mr Rosen—Because of the demand on our funds, in the past it was always ‘first in, best dressed’. With the demand on our finances we found that all the money would be expended within the first six months of the financial year. This year we decided to go into rounds to do an equitable spread of the finances. Those rounds are in July, September, December and March. Each round has been very competitive. But we have money. At the March meeting we will have approximately 20 per cent of our money left to invest.

Senator CONROY—Do you still agree with your own assessment in your annual report that this process of rounds will decrease flexibility?

Mr Rosen—Yes, it does. Ideally, one would want to have it so that producers are getting their films financed not just with the FFC but elsewhere as well. When you have rounds and it becomes competitive, then the flexibility for a filmmaker, because it is every three months, is somewhat restricted.

Senator CONROY—Have you received feedback in relation to this?

Mr Rosen—We are doing annual seminars in all the states with all film makers—that begins at the end of March—to do feedback as to how we revise our guidelines for 1 July.

Senator CONROY—After you have completed those seminars could you provide details to the committee of the feedback?

Mr Rosen—Yes.

Senator CONROY—You said you have 20 per cent left to distribute this financial year?

Mr Rosen—Yes.

Senator CONROY—What effect has the funding rounds initiative had on the finances of the FFC? There was clearly some sort of problem previously. Has it given you a smoother flow of finances?

Mr Rosen—The problem for the industry is that there is great demand on our funds. If we make all our investment decisions in the first six months, it means it is front-loaded. If we do no funding between January and June then there is going to be a lag time, which means somewhere along the line there are going to be three or four months where there is no production happening. We felt that was unhealthy for the industry and the industry felt it was unhealthy. In consultation rounds we asked what the best way of addressing this was, and rounds were what we came up with.

Senator CONROY—I know you are still in the first process of having a look at it, but do you envisage you will continue with this initiative into the next financial year?

Mr Rosen—I am sorry; I missed that.

Senator CONROY—Do you envisage you will keep doing this process? I realise it is perhaps a little early to make an assessment, but do you think you will stick with this system?

Mr Rosen—We will, subject to the outcome from the seminars and obviously also the outcome of the review.

Senator CONROY—Thanks. And can you just ensure that all films comply with federal government policy in the future so we do not upset Senator Fierravanti-Wells! Just check them against their policy.

Senator Brandis—I do not think you should say anything in relation to that, Mr Rosen. Senator Conroy is obviously being flippant.

CHAIR—Mr Rosen, I have seen a few of your films recently in the theatre here in Parliament House, such as *Little Fish* and *Clubland*. Perhaps you could tell us about how those films are going, around the world and in Australia.

Mr Rosen—*Clubland* was a film that we showed in Parliament House at the end of November. It was a film that was chosen to go to the Sundance Film Festival, which is quite a prestigious independent film festival in North America. We are very pleased to report that film had a resounding success there. It was bought by Warner Brothers for North America, the UK and Germany for a sum of \$US4 million. There were further sales done of about another \$US1 million to Scandinavia, Benelux and Italy, which means that this film will now be a profitable title. The film will be released on quite a number of screens—the exact number I do not know—in the States come July or August. It is looking to have an Australia-wide release around May or June here in Australia.

Another film, *Death Defying Acts*, directed by Gillian Armstrong, which is still in post-production, was bought off what we call a sizzle reel, a little promo reel, by the Weinstein Co. for \$US5½ million for North American distribution. So we are seeing at the moment an uplift in the films that we are investing in. The changes that we made in July 2004 to the guidelines, introducing evaluation and a much tougher marketplace door are starting to result in films that have more robust decision-making going into them. We are now starting to see the results with those films coming out. They have an interest not just in Australia but also worldwide.

CHAIR—So the changes you made to the guidelines really were to evaluate the films more in terms of possible commercial success or audience acceptability, were they not?

Mr Rosen—What we look for are projects that have strong audience appeal. The commercial side depends on how many people come and watch it.

CHAIR—B follows A, I suspect. So that has been a successful change in direction in evaluating those films.

Mr Rosen—Yes.

CHAIR—As there are no further questions, I thank you for appearing.

[12.03 pm]

Department of Communications, Information Technology and the Arts

CHAIR—We will move on to 1.1 with DCITA.

Senator CONROY—The only questions I have are around Old Parliament House. Can you update the committee on the progress of the Gallery of Australian Democracy?

Ms Anderson—The first stage of the Gallery of Australian Democracy is the Australian Prime Ministers Centre. That has progressed along to the point that we will open that centre in late May this year. The Australian Prime Ministers Centre will have a small exhibition area on prime ministers. It will have a reference area suitable for families and children and it will also have a more advanced research area for more serious researchers. From that we will gather a lot of information on our planning for stage 2.

Stage 2 of the Australian Prime Ministers Centre will open towards the end of 2008 or early 2009, and that is dependent on the departure of the National Portrait Gallery to its new building. The Gallery of Australian Democracy will open around that time as well. We are currently doing some much longer term planning for stage 2 and the Gallery of Australian Democracy.

Senator CONROY—I was asking specifically about the Gallery of Australian Democracy. So that will be opening towards the end of 2008?

Ms Anderson—Towards the end of 2008, early 2009.

Senator CONROY—What will that consist of?

Ms Anderson—The Gallery of Australian Democracy will be an Australian political and social history on the evolution of our democracy.

Senator CONROY—Have you invited Senator Fierravanti-Wells to vet it for you yet for political correctness!

Ms Anderson—Not yet.

Senator Brandis—I can assure you, Senator Conroy, that I have already indicated that I will be taking a very close interest in the curriculum of the Gallery of Australian Democracy to ensure a very balanced treatment.

Senator CONROY—Commiserations, Ms Anderson. I have no doubt it will be balanced.

Senator FIERRAVANTI-WELLS—It will probably be a more stern approach than I would adopt.

Senator CONROY—Senator Brandis is an expert in Australian prime ministers. Have you been able to include the ‘lying rodent’ quote from Senator Brandis in the prime ministers gallery yet?

CHAIR—Senator Conroy, I am not sure that is really appropriate for estimates.

Senator CONROY—For balance—we want to ensure full balance about reporting of Australian prime ministers.

Ms Anderson—We certainly do intend to have a full balance.

Senator CONROY—Excellent. I can recommend the ‘lying rodent’ comment from Senator Brandis be included, but I will leave you to follow that one up.

Senator Brandis—Not a comment from me.

Senator CONROY—Was it ‘a lying rodent’ or ‘the lying rodent’?

Senator Brandis—Not a comment from me.

Senator CONROY—I would not want you to get the context wrong. What alterations to Old Parliament House are necessary before the Gallery of Australian Democracy can begin operations?

Ms Anderson—There is a large capital works program component of the funding that we received, and over the next few years we will be refurbishing first of all the House of Representatives wing, which is a large project because it does have to have asbestos removal. We will also be refurbishing the current accommodation area of the National Portrait Gallery in Old Parliament House.

Senator CONROY—What is the total cost of those alterations?

Ms Anderson—Over four years, \$15 million.

Senator CONROY—Having worked in the Old Parliament House, I am very familiar with its age and its importance. What precautions are being taken to ensure that the Old Parliament House is not being damaged in the changeover? Are you taking special precautions?

Ms Anderson—Yes. All the work that we will do will be in accordance with the heritage management plan. That is a very rigorous process.

Senator CONROY—So you are consulting with the agency that looks after this?

Ms Anderson—Yes, we are currently drafting our own heritage management plan, and that should be submitted to the Minister for the Environment and Water Resources by about May this year, possibly March, for endorsement. It could be finalised as early as May this year.

Senator CONROY—Thank you very much. That completes the questions I have.

Ms Anderson—Thank you.

CHAIR—Thank you very much for appearing. That concludes the arts questions.

[12.08 pm]

Australian Sports Commission

CHAIR—We will now move on to sports. I am advised that there is still one answer outstanding to a question on notice from last February additional estimates hearing relating to sports.

Senator LUNDY—Can I just go back to the point about questions on notice that the minister raised earlier. A series of questions on notice that were outstanding were delivered to my office at 7.55. I understand that was in advance of the committee having received them. So I acknowledge the minister's effort and note his commitment to ensuring that we get answers to questions on notice within the time frame specified by the committee in the future.

Senator Brandis—As I said, it is always a best endeavours undertaking. I am not going to be saying something differently from this side of the table from what I said when I was a member of Senate committees, that questions properly taken on notice ought to be answered within the appropriate time and that best endeavours ought to be undertaken to do so.

Senator LUNDY—If that were to occur, it would be a remarkable improvement, so thank you. I would like to begin with an issue raised by Senator Ronaldson earlier, and that is the Senate inquiry into women's sport and recreation in Australia. A series of recommendations

were made by that committee in a bipartisan fashion. I noted, in response to Senator Ronaldson earlier, you said that you would be responding to those recommendations soon.

Senator Brandis—Yes.

Senator LUNDY—Are you able to elaborate on that time frame to give us a better idea of when we can expect a formal response from the government on those recommendations?

Senator Brandis—No.

Senator LUNDY—You may have noticed that there was some press coverage of a report commissioned by Netball Australia to ACNelsen about the motivations and barriers to women's participation in sport, including netball. That report is now available. It actually picks up on a number of recommendations that were in the Senate inquiry. Have you had an opportunity to see that report?

Senator Brandis—I have not read the document. I will have a look at it.

Senator LUNDY—Has the Sports Commission read that report?

Mr Peters—The CEO of Netball Australia rang me last week and sent a copy of the report to us. We have worked through the issues that came out of that. It reinforces, as you say, a number of issues that have been raised previously, and it will be part of the discussion at our Women in Sport Forum before our major conference at the end of March.

Senator LUNDY—A number of the recommendations in the Senate inquiry are obviously recommendations to government, but the committee was so bold as to make recommendations to the Sports Commission, state governments and so forth. Can you point to any recommendations in that report that you have actually started work on or responded to—and I note that you mentioned the women in sport conference that is coming up—in the way that netball has done, I think. I am not suggesting that they specifically responded to the Senate report, but it is this type of work that really informs the issues that were raised in the Senate report recommendations.

Mr Peters—We have obviously had input into the outcomes of the report, but we have also met with a number of CEOs that are involved in the running of women's sport and they are feeding into our workshop at the end of this month. We also had negotiations before the report and since, in discussions with the ABC and Foxtel, about how women's sport may well be promoted in those avenues. We have also been working very closely with netball on a number of fronts. Softball has been included as a sport that we are now working with because a lot of the same issues come around. I do not have a point-by-point recommendation summary, but certainly the issues continue to be discussed with the sports that represent the major women's sports in Australia.

Senator LUNDY—Thank you for that. Can I just draw you out a little further on your discussions with the ABC and Foxtel. One of the major recommendations of the Senate report was for the government to make a contribution to offset the risk of putting new content, such as a more comprehensive regular women's sport coverage, to air. In the absence of any commitment from the government to date on that point, what are the sorts of things you have been able to discuss with broadcasters, both free to air and pay?

Mr Peters—I think the ABC have been a great supporter of women's sport, particularly through their netball and women's basketball coverage. The discussions with them have been actually ongoing for a few years, but around the Senate inquiry we talked about how they could perhaps further their coverage and perhaps alleviate some of their concerns about if they were an initiator of some sports and other networks came in they then have no product. It was a very general discussion about their important role and we reinforced that we would work with them and sports were anxious to continue to work with them.

It was also around whether solutions to promoting women's sport are just televising national leagues, where in fact there should be magazine programs. Also whether it is more important to be dealing with the packaging of our women's teams when they are in international competitions overseas as against domestically. So there was a range of discussions with the ABC and that flowed over into the Foxtel discussions. They were very preliminary discussions and about there being perhaps an obligation from those networks to commit resources as well and not just to have a handout mentality.

Senator LUNDY—There certainly is.

Mr Peters—I was quite pleased with the response in terms that there may well be some front-ending of costs but if there were a long-term commitment that may well be picked up. Again, they were preliminary discussions I guess to test the market and what their attitudes were towards progressing coverage of women's sport.

Senator LUNDY—Just on that point, if you look at the whole picture of netball, because they are not an Olympic sport, they do not get as great a proportion of Sports Commission funding as other sports get. They are also faced with the situation where, with the ABC coverage being good as you say, it is still not a source of revenue for the sport. What lateral thinking has the Sports Commission done, given netball continually finds itself in this place where it is, as you say, coverage is good, but it is not a source of revenue? And because it is not an Olympic sport it does not have more income because of that status, and yet it is still, I think, the highest participation sport for women, or very close to it, in this country? What is the lateral thinking you have done about netball in particular to help the sport reach the next level of professionalisation in order to boost its participation even further?

Mr Peters—There are two fronts where we have been working with netball specifically. One is their governance issue—the fact that if you are going to be a lateral thinking national sporting organisation, you need skilled people on your board and that does not necessarily come from having a state president representation. They have made considerable strides in that area and are looking to continue to attract people with great expertise in the marketing development finance of corporations in sport. The new CEO, Kate Palmer, and the new president I think are doing an excellent job in taking those issues on, and the states are responding very positively.

Also, the sport of netball has had to look at where it rates internationally and if it is going to create a product that will see sponsorship it needs to have something that people want to go and view. The recent Australian-New Zealand series has been a major turnaround in their thinking—previously there was some fear of competing against New Zealand on a regular basis. I think the discussions now about a combined league between Australia and New

Zealand—in which we are playing a role and also a role resource wise—is an exciting development for netball and will open up a huge number of opportunities for them.

We supported the important move to Melbourne. They are linking with the AFL administratively and financially, and I think that is a very positive move for netball. Our role is to allow sport to run sport, but certainly to ask questions and challenge them and, where possible, to provide resources to at least kick-start the sport. I am very optimistic about netball's approach. The latest report you referred to—and I have not read it, but I have certainly been walked through it by the CEO—points out some obvious issues, but also challenges the sport in areas like uniforms—that was identified in the Senate inquiry—and whether the injury rate in the sport could be attributed to not allowing them to take one step. There was actually a commission report done some years ago suggesting that if netball allowed one step it may reduce the number of injuries. Again, I am confident that these issues will be picked up by the present administration.

Senator LUNDY—That issue of the perception that there is a higher level of injuries certainly was a key point in their findings. Going back to the question of coverage, you mentioned a magazine-style program that could showcase women's sport achievements, whether it is Carrie Webb and the recent tournament, netball, softball or whatever. Have you approached the commercial free-to-air TV stations about that concept, as well as ABC and Foxtel?

Mr Peters—No. It was one of the concepts that came out of the discussion we had with the CEOs a couple of months ago. It is one of the issues we are actually discussing at the forum in Brisbane. And the whole issue of broadcast rights is a major part of our Sporting Futures conference. In terms of who we approach we want to do it hand-in-hand with the sports where there is actually a product and a bit more understanding of what we are actually considering. We thought it was better to get the appropriate people together and work through that concept, and I imagine that will be something that will be taken forward.

Senator LUNDY—Another issue that came out in the netball report and was also a key issue in the Senate report—and was probably the most reported-on recommendation—was that of women's clothing in sport and the uniforms they wear. One of the recommendations in the Senate inquiry was that the Sports Commission itself inquire into the dress code of sports organisations or alternatively encouraging organisations to make their own inquiries. Apart from netball, do you know of any other sport that has started work on this issue to assess whether or not their uniform is a barrier to women and girls participation?

Mr Peters—Before the Senate inquiry, basketball was already looking at it, and they have actually this year changed from the body suits to the shorts and the top. That was a major issue for particularly their elite players. We have been working with lawn bowls on the development of their game after a very significant change in their constitutional structure where men and women came together in the one organisation. They have started to address issues of dress code, and the wearing of colours—even outside of uniforms—down to allowing young children onto their greens without shoes on, which was something not supported in the past. So we have seen lawn bowls take this on very carefully.

I know swimming is always looking at the issue of the costumes that the females wear. At the AIS there are instructions now about the way our swimmers train—that they should not

always be wearing their uniform but warm up in shorts and tracksuit pants. So there are a whole lot of issues around it that sports have been talking about, and the Senate inquiry has raised the issue to a level where it is a major talking point. At the meeting in Melbourne with the CEOs we raised that as something that they should be looking at, and we would expect some information in the workshop that we are running later on in March.

Senator LUNDY—Another key point relates to the sporting activities that are more focused on participation and enjoyment. I know we have had a lot of conversations here about competition, elite sports and participation, but this is a bit of a grey area for a lot of national sporting organisations, where so much of their resources is focused on junior development but ultimately with the aim of having the best elite performers.

Can the Sports Commission respond to that recommendation generally. How far do you believe your charter extends into creating opportunities for participation in sport just for enjoyment and therefore participation in the specific absence of any motivation to identify elite players or to develop the sport to a higher level?

Mr Peters—If we do not have young people participating in physical activity and learning mobility skills and enjoying that activity then we will struggle to have an effective sports system at the international level in 10, 15, 20 years time. The charter of the commission is to run an elite sports system to make sure that our talented athletes have the opportunity to participate on the international stage and also that we have a national sports network that is effective. A great debate which always goes on is: what is the role of states and what is the role of the federal government? What is the role of the Australian Sports Commission as against state departments of sport and recreation? We have not solved that at the moment, but I think the federal government's support of the active after schools program has taken us into the participation area, which is a key for us to generate young people having fun and wanting to go on and participate in sport. That then allows us to support the national sporting organisations talent identification systems which then moves athletes through to, hopefully, one day representing their country.

The majority of our funds go to the high-performance programs because they are not supported by anyone else. It is always a debate as to who is responsible for participation at the end of the day. Some could argue that the state school system, the education system, should be responsible for participation. Then there is a whole issue of the club development at the regional and local level—is that a state government responsibility? We meet regularly with our state counterparts. It has certainly been an agenda item that is continually discussed. It is not about demarcation; it is about how we have a system that everyone inputs into so that we can be successful. Our major initiative at the moment is around the active after schools program, which has young people learning mobility skills in a safe environment and having fun. We are also, on the participation side, working on the quality side of participation. Our coaching accreditation schemes, our development of officials, our club development network are all about giving people information about how you can safely create an environment for people to participate. We then come to issues that have been reported recently that we have a disappearing number of ovals and spaces where people can participate. So there are key issues now that we are starting to identify with the states and territories that will inhibit participation into the future, and I think that is something we all need to address collectively.

Senator LUNDY—Absolutely. I note in the portfolio budget statement that there is a measure for a national action plan for social cohesion, harmony and security. Can you outline for the committee the role the Sports Commission has in that national action plan?

Mr Peters—It relates to the pilot program that we are running in Sydney, with the support of the department of immigration, where we are taking the active after schools program and putting it into a community where we are looking to integrate people with different cultures. The slight variation from the active after schools program is that we are also employing a community sports person that liaises with the families of the children involved in the program to, hopefully, encourage them to become coaches and officials within the local communities. That is a program being funded, as I say, by the Department of Immigration and Multicultural Affairs.

Senator LUNDY—The PBS has the Sports Commission contribution at about \$1.6 million. Can you confirm that that is your total contribution or if that is just for the pilot? I presume it is for this financial year.

Mr Peters—The pilot program averages out to about \$1.9 million over the life of the program, which runs out in 2008-09, so that would be part of that averaging out. That money is not our money. We have the physical people on the ground to run it but it is actually money from the other government agency.

Senator LUNDY—I might put a few questions on notice about that. What is the nature and value of the contribution to the 50th anniversary of the 1956 Melbourne Olympic Games?

Mr Peters—The government's contribution is \$50,000.

Senator LUNDY—Is that administered through the Sports Commission?

Mr Peters—Yes.

Senator LUNDY—Obviously, given that it is not 2006 anymore, that has already been spent.

Mr Peters—Yes.

Senator LUNDY—When was the money spent?

Mr Peters—We received a request to provide the \$50,000. As I understand it, the money was provided to the Victorian Olympic Committee. I can check that fact for you. As with all grants, we expect them to acquit the money and provide us with a summary. As yet, I have not seen that. It is still being worked on at the moment.

Senator LUNDY—Could you provide that to the committee when it is available?

Mr Peters—Yes.

Senator LUNDY—What was the value of the allocation to the Tom Hoad Cup in WA in, I think, late December?

Mr Peters—From memory—and I will check—it was around \$150,000. Again, we were asked to provide the funding, and it has been funded in conjunction with the Western Australian Department of Sport and Recreation, which is running a receipt based program. I spoke to the head of the department a couple of weeks ago and they are still working through the accountability mechanism.

Senator LUNDY—I take it that the things identified in the portfolio budget statement were things approved by the minister in advance of this allocation being made—so the Sports Commission made the contribution knowing that, because it had been approved by the minister, the additional supplementary estimates would allocate the funds to cover that expenditure. Is that how it works?

Mr Peters—No. In relation to some of the programs in national talent identification there were some delays in us implementing the program because we needed to get staff on board. So the funds that we utilised to fund these two projects came out of unexpended funds that would have been carried over at the end of the year.

Senator LUNDY—With the knowledge that you would get the money back once they were acquitted through the PBS?

Mr Peters—No. We have not gone to the government asking for additional money because to recruit an individual would take about two months.

Senator LUNDY—So it is not a new allocation?

Mr Peters—It is not a new allocation. It is out of what we predicted as being funds that would not be spent immediately.

Senator LUNDY—What program was underspent that allowed you to do this?

Mr Peters—We received funding for a national talent identification program last year. We received funding to increase positions in skill acquisition and within the AIS. It takes us a couple of months to fill those positions, so there are some savings in salary. As of 1 July we did not have all the staff immediately on board. It took us somewhere between six and eight weeks to get the staff on board.

Senator LUNDY—But there is at least \$1.6 million—if not \$1.9 million—for the DIMA thing, plus \$50,000 and \$150,000. So there is about \$2.2 million that was unexpended.

Mr Peters—No. The money for the DIMA project was actually new money that came to us. It was their money that was forwarded to us.

Senator LUNDY—So we are talking about \$200,000?

Mr Peters—Yes.

Senator LUNDY—What was not done in the national talent identification program? How much was the underspend there?

Mr Peters—I do not have the exact figure but we knew we were not going to fill a number of the positions for at least six weeks, which gave us some confidence that, by the end of the year, we would have those funds available.

Senator LUNDY—So how do you determine how you are going to spend that underspend; is it on application or are these projects that you heard about or had previously knocked back? What was the process?

Mr Peters—For the water polo and the Olympics? We were asked by the government to fund them.

Senator LUNDY—So it did come from the minister?

Mr Peters—It came through the minister's office, yes.

Senator LUNDY—Can you explain to the committee the \$3.9 million in the additional estimates for the AIS site redevelopment?

Mr Peters—When we put the initial costings up for the redevelopment of the AIS, the building inflation cost ratio—and if I haven't got the correct terminology I will come back to you—was in Canberra at about 4.5 per cent. We then had the tragedy of the bushfires and some significant investment in other government facilities. During the program the inflationary index rose to something like 18½ per cent. So for us to complete all of the works initially put to the Public Works Committee after using the sale of Del Monte funds, we were about \$3.9 million short. So we went back the government, explained our case and the reasons why there had been inflationary pressures and we were granted an extra \$3.9 million to finish the construction works?

Senator LUNDY—What is the projected total cost of the redevelopment at Bruce?

Mr Peters—\$74.05 million.

Senator LUNDY—When is it due to be completed?

Mr Peters—We would hope to have the next major project which is the athletes accommodation completed in May this year. The \$3.9 million allows us to build another indoor facility which will service a gymnastics program and become a multipurpose hall. We would hope to have that finished some time around maybe September, October this year. We are just going through the design and construct stage at the moment.

Senator LUNDY—Was that always in the plans?

Mr Peters—Part of the plan was to extend the gymnastics hall. The original plan was to double the size of the present hall. There is significant utility wiring et cetera under the land next to it, so we are now looking to extend the present volleyball court, which is right next to the gymnastics court, and that may be a more cost-effective way of doing it. So the idea of having a greatly increased hall access for gymnastics was always in the redevelopment plans. We just might have a slight change in location.

CHAIR—Senator Lundy, if I could just interrupt you. Senator Kemp might like to ask a couple of questions too. Can we work this out?

Senator LUNDY—Does he?

CHAIR—Yes, he does.

Senator Kemp—Just to follow up one of your questions about school sport to Mr Mark Peters.

Senator LUNDY—I have a lot more questions about the school sport funding.

Senator Kemp—Would you like me to lead off first or would you like me to wait for you, Senator Lundy?

Senator LUNDY—It is up to you, but I will be going there in spades shortly.

CHAIR—I think you should proceed.

Senator Kemp—Senator Lundy knows that I am always the height of courtesy on these things. My views on this are well known; a major problem in sport in Australia is in fact school sports and the winding back of a lot of school sport over the last 20 or 30 years. What I want to put to Mr Peters is whether he is aware of any stirring amongst state governments or state departments about the need to reinvigorate school sport. Are they concerned about school sport at all? I know it is hard to speak generally on these matters because there is so much variation between schools and states, but is it your impression that greater seriousness is being taken by the states with sport in the school curriculum or is it still experiencing a lack of interest by many governments?

Mr Peters—I am not sure what discussions are going on with the state governments at the moment, but certainly over time there appears to be a lessening of school sport and also a lessening of physical activity in the school environment. It is certainly an issue now that is getting a lot of publicity. Victoria some years ago had Steve Moneghetti do a major report, and I think he is becoming very active now in suggesting that the outcomes of that report are not being implemented. I guess a lot of what we have to work on in discussion with our state colleagues is that, anecdotally, we are seeing far less sport and physical activity in the school system.

The Active After-school program has been seen as something that can be beneficial, and we are also pleased to see some state education departments, like that of New South Wales, looking to engage our staff to run teacher training. It would be nice to have a study into what is actually happening in school sport, but I guess our realistic approach is that we are not quite sure we will be able to get the information we require. So we continue to work as we can with our state colleagues and look to find a way of having more kids physically active, while we approach the issue of getting sport associated with school in some way, because obviously young people—

Senator Kemp—In your discussion with state colleagues, it has certainly been my impression over a considerable period of time that there are elements that are very opposed to competitive sport. I am just wondering whether you would share that view, and whether you see any changes occurring in the attitudes of some of our state authorities.

Mr Peters—There is certainly a question being raised by many people in policy areas about the value of competitive sport, particularly with young people, but I think we have solved that problem. Every sport in Australia now has a modified version. I think great credit goes to my predecessors at the commission who worked with the national sporting organisations. I think there is an emphasis now with national and state sporting organisations, with us and with state departments to say, ‘This is about young children having fun.’ Sport is about competition, and we always need to have competition in our life, but, if we have it in a safe environment where they have fun, that can only be a positive experience for them. It would be nice to have everyone singing the same tune and looking at ways we can do that, because again, in some states, some schools are reluctant to allow their facilities to be used after school. It is a resource that goes to waste. It is being addressed, and certainly at the ministerial standing committee—as you would be aware from your experiences—there is now a subcommittee being set up to look at how we can convince school principals and school

councils to have their grounds available in a time where we desperately need those facilities made available.

Senator Kemp—What are you seeing on the numbers of phys ed teachers? Are they tending to rise or fall, or are they static? I know there is a lot of concern about the winding back of the numbers of physical education teachers in schools.

Mr Peters—We asked the Australian Council for Health, Physical Education and Recreation, ACHPER, to do a study for us. They came back and said there are less phys ed teachers before, but they had difficulty finding out the numbers. The key argument they have is that you can get young children doing activities in a school environment, but you need people to teach them how to do them properly. They see it as a major issue that the number of trained physical education teachers in the school system is a problem for us going forward.

Senator Kemp—I am speaking about probably secondary schools now. Do you have any views on the state of interschool competitions? My impression has been that, over the last decade and a half or so, there has been some winding back in this area, and I wondered whether that was a view that came through to the Sports Commission.

Mr Peters—Again it is anecdotal, but certainly the amount of interschool sport has decreased significantly.

Senator Kemp—Thank you.

Senator LUNDY—A couple of years ago I asked a question of the Sports Commission to provide the committee with a list of all of the programs funded by the Australian Sports Commission and the cost of each of those programs—and over what period of time. Could I place the same question on notice again to get that full picture of Sports Commission funding. I just know that, no matter how closely I read your annual report, there are always a few other programs that I miss in my reading. So I place that question on notice.

Mr Peters—When you say the ‘term of funding’, if I use the Active After-schools as an example, that has a finite term.

Senator LUNDY—Yes.

Mr Peters—Some of our programs are lapsing and some are continuing. Is that the time line you are talking about?

Senator LUNDY—Yes. Could you make the distinction between programs that are funded for a set period and those that are continuing, and so they would have to have renewed funding, such as the Active After-school Communities and others that are ongoing. For example, you would fund allocations for the national sporting organisations for a set time, but you have a budget in the out years of which that is a subset. In that case, you would probably give us the one financial year’s allocations that identify the pool of funds that extends across the out years from which that kind of allocation would be drawn in the future. It is a bit complex, but I think you know what I am looking for.

Mr Peters—We fund the national sporting organisation on a four-year Olympic cycle and give it indicative funding, but during that period we may well provide funding for Project Connect or another one of our programs.

Senator LUNDY—That is right.

Mr Peters—We can do a breakdown that way.

Senator LUNDY—Thank you. Following on from Senator Kemp's questions about the Active After-schools Communities Program, we have heard a lot about it not meeting demand. We have had that conversation a number of times. I believe that Senator Kemp was quite genuine in his cabinet submission seeking more funding for that program. So this question is to the minister and it is about his view and understanding of the high demand for this program and its need for more funding. Also, can the minister confirm that he, too, will support the cabinet's submission to extend and expand the funding for the Active After-schools Communities Program, and whether we can look forward to that in the budget? It is pretty blunt, but we have got some pretty blunt statements on the record before.

Senator Brandis—I am not going to comment on budget submissions or budget matters for reasons you will well understand, but I can tell you that I am a strong supporter of the Active After-schools Communities Program. Before I was in the portfolio, I had the good fortune to represent Senator Kemp on a number of occasions in attending the launch of such programs in my own state. I think it is an outstanding program. It is a great credit to the former minister and it will continue to be strongly supported by me.

Senator LUNDY—Thank you. Just after the start of the new school year, given there was a review of the Active After-schools Communities program last year, what changes, if any, have been made to the program in light of that review?

Mr Peters—We researched the way that the program rolled out and the outcomes that had been achieved. There have been no significant changes in the rollout. Probably the biggest positive initiative has been that one state in particular has asked us to start to train their primary school teachers in our coaching product that we have to help them in their environment. We expect some other states may well do the same thing. The delivery model, the use of regional coordinators, has been an outstanding success.

Senator LUNDY—In the last round of estimates, you asserted that the percentage of kids in the program who had participated in a local club environment had increased from 30 to 60 per cent and that your interpretation was that it indicated the program was helping kids enter into local clubs. But I put it to you that, given the program does not have any formal links with local clubs, this could be an indication that the reverse is happening and that the program is just picking up kids who already participate in local clubs. What evidence have you to show that it is pushing kids into clubs as opposed to drawing kids who are already in local clubs into the active after-schools program?

Mr Peters—The statistic that we were referring to is that the majority of children in our program are inactive children who actually then go to participate in club sport, not club sport people coming into the Active After-school program. One of the aims is to try to get the young people who are inactive into the program, not those who are already participating in club sport. We are due to have our next set of major research based on last year's figures at the end of this month—

Senator LUNDY—Great.

Mr Peters—and I think that will show whether there was an initial enthusiasm for this transfer or it has actually been a standard transition, which is our aim. One of the roles of the

regional coordinators is to make sure that we have local clubs that can link into these programs. That is one of the challenges for us and our state counterparts, to ensure that we continue to strengthen that volunteer network within the club structures, because sadly you often get clubs saying, 'We can't take any more young people because we don't have enough administrators or coaches to cater for them.'

Senator LUNDY—That is exactly right.

Mr Peters—That is an issue that, collectively again, we are addressing.

Senator LUNDY—We discussed last time the definition of what 'active' is. My understanding of your definition was that, in order for you to define kids as being already active, they needed to do three sessions of sport per week. The problem is that with, say, Saturday soccer for a kid, they only play soccer and they only do one session of training. So kids participating in club sport in the standard format would not fall into your definition of an active kid. They would fall into the definition of inactive. How does that fit with your assertion that the program is targeting inactive kids—even though I say that what you call 'inactive kids' can actually be active in a sport, albeit only two sessions a week?

Mr Peters—One of the great difficulties is: where do you set a definition? We can only look at the feedback we are getting from parents, from teachers and from our regional coordinators saying that they class the majority of young people in this program as inactive.

Senator Brandis—There is going to be an overlap, Senator Lundy.

Senator LUNDY—I know it is very hard to be black and white about it.

Senator Brandis—Obviously a number of the children participating in this program will be children who are involved in other organised sporting activity and other physical activity. It is not the only purpose of the program to energise inactive children. It will bring within its catchment—there 140,000 children participating in the program in term 1 of 2007 across 2,892 venues. It will catch active children and children who perhaps need the program to be spurred into a greater level of physical activity.

Senator LUNDY—Sure. I appreciate that, Minister. I guess I am just trying to investigate the claims of the program and the way the statistics have presented. It is a very good story, but I think it is necessary to look inside how those statistics are compiled to get a real picture of how much more activity is actually taking place and how many lifestyles are actually being changed by this program. I think it is a valid point, and I know it goes to the heart of the issues that the review sought to nut out and that that is ongoing. So do not be too defensive.

Senator Brandis—I am not being defensive at all; I am just furnishing you with information.

Senator LUNDY—I am very familiar with the statistics of the program. What are you doing to ensure that there are more links—

Senator Brandis—Sorry, Senator Lundy; I think Mr Espeland wanted to say something.

Mr Espeland—Perhaps I could just add to Mr Peters and the senator's comments there. Really there were two objectives to the program. One was firstly to provide that opportunity in that after-school-hours timeslot to allow young children to be physically active. The other one was really a natural sort of flow-on from that, by virtue of many of the deliverers, and

noting that we have actually trained an additional 15,000 deliverers, but many of those deliverers actually come from the clubs. It was always to be a natural progression that capacity would then flow back from the program into the clubs. So the second part of the program is about establishing formal club links, and that is being measured. As I said, the first part of the program was very much to get those activity sessions on the ground, but the second part—in which we are moving into close to full gear at this stage—is to establish those club links, and they will be measured, particularly through case studies.

Senator LUNDY—So that will come out of the review?

Mr Espeland—The review is ongoing, and that stage review is due in the next few months.

Senator LUNDY—Okay. Deliverers get paid about \$15 an hour, I think we established last time. What is the nature of that payment—for example, how is it paid? Is it a gross amount? Who takes the tax out? Who actually pays that money? Do they get superannuation? What are the conditions associated with people employed as deliverers for the purposes of the active after schools program?

Mr Peters—The \$15 an hour was a standard amount we set when we delivered budgets. It varies between the schools. The schools get a grant and then the schools with our regional coordinators determine who are the best people that can deliver the program within that school environment. So there are some variations in that rate, depending on the school and where it is et cetera.

Mr Espeland—It is really a matter for the schools in terms of what they pay, and it depends upon the activity. That relationship is between the school and the provider. These are not commercial rates—there is a strong element of volunteerism, and in the remuneration that is provided to the deliverers, and I suppose it is more in the nature of an honorarium. In terms of the way it is treated for tax purposes, that would be a matter between the individuals and the tax office.

Senator LUNDY—So \$15 is the gross amount?

Mr Espeland—As I said, it depends upon the school, how it is paid, whether it is a cheque, the amount—it is an arrangement with the school. I think the important thing to note is that it is by no way approaching any sort of commercial dimensions. It has a strong element of volunteerism, which, as you know, is the backbone of our system.

Senator LUNDY—Is it a sustainable proposition to exploit people as volunteers or quasi volunteers given the amount of this gross payment—we can presume around \$15 an hour—to build a whole system on the back of that premises, given we have already talked about the pressure on existing clubs to even provide their normal services to members, let alone more that you are asking them to do?

Mr Espeland—I think it is sustainable. I think the issue is actually the broader issue about volunteerism across the sports sector as a whole. Whereas officials were perhaps prepared to umpire or referee for nothing 10 or 15 years ago, most sports are now paying basically for some form of remuneration. Again, it is in the nature of a stipend or an honorarium. I think that sort of mindset has moved on, both in our general community, the general population, and in sport. I think the new emerging sort of arrangement whereby there is this balance between

some form of remuneration and what is still very much a strong dimension of volunteerism is sustainable.

Senator LUNDY—I put to you that one of the areas that was neglected in your previous review was asking local sports clubs what they think, seeing as you were really tapping into their volunteer resources to provide these services. What feedback have you got from local sports clubs and is that what is fuelling the review that Mr Peters just alluded to that will be available in a couple of months time?

Mr Espeland—No, that was always, as I said, the intention of the program. It was that two stages: getting the activities on the ground and—

Senator LUNDY—I am sorry, I have never heard of two stages.

Mr Espeland—Sorry, not two stages. Let's say two objectives. It has always had two objectives: it was to provide those opportunities for young children previously inactive to be active in the after school timeslot, but then to build that capacity as we started to get more people involved.

Senator LUNDY—I have never heard of that second capacity. It has always been about getting kids more active and paying regional coordinators quite a lot of very competitive money as far as sports administrators are concerned. Whilst they get a nice big salary, you have got a bunch of people essentially working as volunteers on a stipend delivering the actual services. That is not a very fair model if you look at it from a local club's point of view. They lose out twice because their paid people get lured away by a much higher salary from the Sports Commission as a regional coordinator and yet the same old volunteers are expected to front up and deliver these services for a stipend. This is a problem with the program and I think you know it, and I am asking you to respond to it and say what you are going to do about that.

Mr Peters—We do not think it is a problem and I am not aware of any complaints from local clubs and the program. The delivery is not necessarily done by local clubs. It can be done by teachers and it can be done by parents.

Senator LUNDY—Sure, but in a lot of places it is done by local clubs.

Mr Peters—The delivery of this program is not necessarily through local clubs. There are different people and organisations that are contracted to deliver the program. I have no evidence to suggest we are stifling the club system. In fact, on the contrary, I think we will be generating far more people who will be involved in the club system. One case study that I am aware of is of parents who have been unemployed. They are involved in the program and are now contributing to their school and community where they have not before. I think there are far more positive benefits by the way the program is being run than a suggestion that if we have to pay full salaries to everyone we will not be able to run a program like this.

Senator LUNDY—What proportion of the funding goes to the regional coordinators and what proportion of the funding goes to paying stipends to volunteers?

Mr Peters—The majority of funds goes to paying our full-time regional coordinators who are responsible for liaising between schools, deliverers and the clubs. Their role is crucial to the rollout of the program.

Senator LUNDY—Thank you.

Proceedings suspended from 1.02 pm to 2.03 pm

Senator LUNDY—How many people have left ASADA since July 2006?

Mr Ings—The number is 25.

Senator LUNDY—Why have so many people left?

Mr Ings—As I indicated previously at this committee, ASADA is going through significant change—strategic change, operational change, organisational change and cultural change—and, as a result of that, there have been some people who have moved on to new opportunities. We wish those people well. There have been equally a large number of new people who have come on and added value to the organisation. We welcome those people on board and, as such, we are progressing well on our targets of driving pure performance in Australian sport.

Senator LUNDY—How many of those people that have left were in the organisation before the transition to ASADA?

Mr Ings—We do not have that breakdown with us, but we can take that question on notice.

Senator LUNDY—Have you been conducting exit interviews for people leaving the organisation?

Mr Ings—Yes, indeed we do. As a matter of course, we conduct exit interviews to gauge people's attitudes towards the organisation, their reasons for leaving and the new opportunities that they are moving on to.

Senator LUNDY—What have been the outcomes of those exit interviews and the reasons people are identifying for choosing to leave?

Mr Ings—Could I take that question also on notice. A lot of information has been collated.

Senator LUNDY—Do you know?

Mr Ings—There have been a range of reasons.

Senator RONALDSON—I do not think Mr Ings can possibly talk about confidential information given at exit interviews. This is most unreasonable and I am afraid it is a continuation of Senator Lundy's aggravation with ASADA, which I think is doing a fantastic job. It is a vendetta being run by people inside the organisation—either there or formally—and this is most unreasonable questioning.

Senator Brandis—I would like to speak to Senator Ronaldson's point of order. It strikes me as well that when an officer takes a question on notice it is not really in order for the senator whose question has been taken on notice then to seek commentary or further elaboration on the matter which has been taken on notice.

CHAIR—That is a very good point. I urge you to take note of it, Senator Lundy. It is not appropriate, having put it on notice, to seek further comment.

Senator RONALDSON—You should be proud of the institution.

CHAIR—Senator Lundy, you have been here long enough to know better. You know all the rules and I would suggest that you comply with them.

Senator LUNDY—I would like to ask if the officer who conducted the exit interviews is present and could come to the table.

Mr Ings—No, that officer is not present. That is our HR adviser. As I said, we do conduct exit interviews. We do have that information available and we would be happy to provide it to the committee on notice.

Senator LUNDY—You also took on notice the previous question about how many people who have left were with the organisation prior to the transition to ASADA.

Mr Ings—Yes. We can also take that question on notice.

Senator KEMP—There is another issue that is troubling me greatly. Is there an obligation when a senator or, indeed, a minister makes an incorrect comment or statement that is corrected that, if appropriate, an apology is given? Is that the general rule?

CHAIR—One would hope so. That is a courtesy that should have been offered. It is really up to Senator Lundy to recognise her responsibility.

Senator KEMP—I was not going to raise this but, because these attacks continue, I thought I had better add a bit of perspective. There were some very unfortunate comments that Senator Lundy made at a recent estimates hearing dealing with poinsettias, which were completely wrong, as it has turned out, and Senator Lundy privately has accepted that.

Senator LUNDY—Don't verbal me.

Senator KEMP—You have accepted it privately. You can make your own comments. In light of this issue, and seeing that you have decided to continue these very unpleasant attacks, it would be entirely appropriate for you to apologise to Mr Ings and make sure that the Senate record is now corrected.

CHAIR—We would ask you to consider that, following Senator Kemp's suggestion, Senator Lundy, but it is entirely a matter for you.

Senator LUNDY—How many employees do you have at ASADA?

Mr Ings—We have approximately 48 full-time employees at ASADA and, of course, a number of casuals and contractors.

Senator LUNDY—The number of 25 is a fairly high proportion of 48, isn't it?

Mr Ings—The move from ASDA to ASADA has involved significant change—strategically, operationally, organisationally and culturally. Yes, there has been a turnover of staff. Equally, there have been new functions that we have brought in-house which we did not have before. For example, we now have an IT function in-house, which we did not have before. We have a fully comprehensive finance function in-house, which was previously outsourced. We have an investigations function, which is obviously one of our new powers, and enforcement powers as well and new staff to act in those areas. We are building capability to meet the needs of government to meet our expectations.

Senator LUNDY—Do you still contract CPM Solutions?

Mr Ings—Yes, we do.

Senator LUNDY—What do they do and how much do they cost?

Mr Ings—CPM Solutions were engaged by ASDA to provide strategic planning advice on the changeover from ASDA to ASADA. In addition, CPM Solutions have been engaged subsequent to the move to ASADA to facilitate all the operational logistical issues with the transition of the organisation, the recruitment of new roles, developing job descriptions. The move from ASDA to ASADA has been a significant shift in the organisation. Prior to the transition to ASADA, a total of \$248,542 has been spent with CPM Solutions. Subsequent to the transition to ASADA, a total of \$243,484 has been spent with CPM Solutions working through various projects for the organisation.

Senator LUNDY—Isn't that what management is for?

Mr Ings—Yes, absolutely, but we need to bring in some additional external support and advice of a change of this magnitude which was asked of us in a relatively short time frame to achieve.

Senator LUNDY—A very short time frame, from memory.

Mr Ings—Yes, a relatively short time frame.

Senator LUNDY—I just want to get this clear. CPM Solutions—the change manager consultancy—was paid \$248,000 to manage the change but since then, even with your full contingent of management on staff, you have managed to find them another \$243,000 worth of work to do. What exactly are they doing?

Mr Ings—Firstly, let me correct something there. The full contingent of staff was not on board as of 13 March. The senator and the committee would be well aware that the time frame involved in moving from ASDA to ASADA did not provide sufficient time to recruit everybody in every single role that we needed to fill. As such, you will recall that we did not transition to the complete structure until about May-June. Indeed, many of our group directors and other managers did not fully functionally come on board until the September-October period of last year.

Senator LUNDY—But that is management's fault.

Mr Ings—That is the length of time that it takes to recruit people. These roles were advertised immediately. It is a difficult recruiting environment at the moment. Unemployment rates are very low. There are a lot of opportunities for people in moving within organisations within the APS. We compete with those organisations for those people and it has taken time to recruit and fill the available roles, and indeed we still have roles that we need to fill.

Senator LUNDY—What does CPM do, given that you now have management in place?

Mr Ings—We do have management in place in terms of group directors. We do have most of our business unit managers in place. We are still working on some of the fundamentals in the business in terms of performance management, objective setting, developing tactical plans that underpin—

Senator LUNDY—Isn't that what management does?

Mr Ings—Yes, management is involved in that.

Senator LUNDY—So what is CPM doing?

Senator Brandis—Mr Chairman, I wonder if I could, through you, prevail on Senator Lundy to let witnesses finish their answers before she cuts them off with the next question.

CHAIR—That is a very important point, Senator Lundy. You must let the witnesses conclude. It is quite discourteous to interrupt them and not let them finish their points. I would be grateful if you would be kind enough to do that.

Mr Ings—I am in a position to list some of the projects and work that CPM Solutions have been involved in since 13 March. One of the first projects that they were involved in was a project that we called 'Recapture the Spirit', which involved implementing a new cross-business performance management system, and also the recruitment of eight remaining roles that we had in the organisation at that time. Instead of actually bringing on board recruitment consultants, CPM as part of their retainer were also involved in assisting us in recruiting for those roles. There was facilitation of various workshops with each of our business units and our group directors to develop tactical plans and underpinning objectives for each of those operations. There was the establishing of high-level service level agreements between business units, developing milestones to monitor progress against personal objectives, development of scorecards and monitoring programs so that we could evaluate our progress against various objectives that we have in the business, and also building various leadership skills and business skills amongst our business unit managers and our group directors. There has been a range of different issues that they have been working through and providing tremendous assistance. That engagement, we believe, is coming to a close. Our business is still not as stable as I would like it to be. We are still recruiting—

Senator LUNDY—You are still losing staff at a rate of knots.

Mr Ings—We are still recruiting in different areas and building our team.

Ms Williams— Senator Lundy, coming from the general Public Service viewpoint, I could add that we are all losing staff. The environment in Canberra is incredibly tight, particularly in certain areas like IT, like HR and like finance. We are fighting each other, and it is really not a very easy environment. In fact, I have to say that in the department we are using—say, in our finance area—a lot of contractors because we simply cannot keep going with the staff we have. We are pinching from each other. It is a very difficult environment in Canberra at the moment, as I am sure you are aware.

Senator LUNDY— Thank you, Ms. Williams, I know it is tight. I just think that the evidence shows that it is an unusual level of turnover; hence, my questions.

Senator Brandis—I do not think, with respect, Senator Lundy, that what you call the evidence shows that at all. You have made an assertion which is not limited as to time and you have sought to establish relativity unrelated to a context.

Senator LUNDY— I think it would be wise to reserve your conclusions about this until you see the answers to the questions on notice, Senator Brandis, because you are making those conclusions without the full information before you.

Senator Brandis—No, I am not, as a matter of fact, Senator Lundy. I am merely challenging your capacity to make that assertion on the basis of what has been heard today.

Mr Ings—Perhaps I could also add that a proportion of the people who have left—in fact, a significant proportion—are still within the Australian Public Service. The majority of those people have moved on to higher opportunities. They have been engaged and have received promotions. It is a very difficult environment. People are looking for opportunities. They want to move ahead. We are a small agency with a limited number of roles and a limited number of opportunities. With ASADA now being part of the broader Public Service, the world has opened in terms of broader opportunities right across the Public Service. We have good and talented people, there is demand for good and talented people and organisations in the Public Service are actively competing for those good and talented people.

Senator LUNDY— Thank you. You have already said that. Just going back to CPM Solutions, when they were engaged in this ongoing role, you mentioned a retainer and a contract amount. Was it within the Commonwealth procurement guidelines that that occurred?

Mr Ings— Yes, it was, and I believe this is a question that was previously —

Senator LUNDY— Did it go out to tender?

Mr Ings—No. At that time, as a CAC agency, there was no requirement for the amount that was spent to go out to tender, and I believe this is a question that has been previously answered.

Senator LUNDY— I am still trying to pin down all the things you have described—facilitating workplaces, service level agreements, scorecards, performance. They strike me as something management does. Why is it you have sought to keep on consultants that appear to be effectively playing the management role in the organisation? What have your managers been doing?

Ms Williams—That is really, I suppose, what I was referring to. Managers have to manage, but they often do not have the resources unless they contract them in because we are all stealing from each other. For example, yes, of course I should have a full complement of finance officers, but I often have to contract in because they are being stolen. Yes, I have to manage that, but I have to manage often with contractors as well as APS staff. It is the Canberra environment at the moment. It is very, very difficult.

Senator LUNDY—Can I ask if CPM is involved in the operation of the executive of ASADA to any degree.

Mr Ings—CPM on a fortnightly basis are involved with the executive committee in reviewing our progress against our objectives. We have a large number of objectives and tactics across the business. They are helping us with the planning of how we are progressing against those objectives, the progress that we are making and the resources that we need to move from one area to another. I understand the context of your question of the role—

Senator LUNDY—I am just at a loss why they are there when—I am sorry, I do not mean to interrupt—the sorts of things you have described are the issues that management normally does. It appears that this organisation is effectively doing the job of management and taxpayers are paying for it.

Mr Ings—If I could address that question directly, we are a new organisation with a new team and a new strategy and a new direction. We are also looking to build new skills and to

facilitate the transfer of those skills from organisations that have that expertise through to our management team.

Senator LUNDY—So CPM have all the expertise and you are hoping that they will transfer that to your team?

Mr Ings—That is one of the fundamental issues that we are working through, yes. The idea of setting performance management targets and objectives and tactics— these are very new to our organisation.

Senator LUNDY—Supplementary estimates appropriations have \$2.4 million being allocated to ASADA. Why is that?

Senator Brandis—Are you able to direct us to the page of the document, Senator Lundy, for ease of reference? You are talking about the portfolio additional estimates statements 2006-07?

Senator LUNDY— Yes, page 131, ‘Additional estimates and variations to outcomes—measures’—Outcome 1.

Senator Brandis—Thank you.

Senator LUNDY— \$2.240 million.

Senator Brandis—I see it: table 1.2.

Senator LUNDY— There is a reference to it on page 135. That is what I wanted to check. It talks about the additional departmental funding being to support the increase in number and complexity of investigations and hearings cases. I want further explanation for that.

Mr Ings—Absolutely. In the last full year of ASDA, a total of 16 entries were put on the register of findings. The majority of those entries related to the use of illicit drugs and perhaps one or two related to the use of anabolic steroids and other serious prohibited substances. In a little over the first six months of operation of ASADA, with its new powers, its new strategy, 18 entries have been made on the register and 25 per cent of those are now coming from our new functions of investigations. We are working very closely with Customs and other law enforcement agencies, and we believe this rate of catching people at twice the rate of ASDA going back a couple of years ago not only will continue but will expand into the future. This additional request for appropriation is to provide us with the resources to deal with the mountain of evidence that we are receiving from our partners across government agencies— indications of allegations of drug use by individuals in various sports, athletes and support personnel. All these things need to be followed up. We requested the additional resources to enable us to follow up on that material and also to make sure that we have the resources so, if and when those allegations amount to actual findings on the register, we have the capability to prosecute those cases before the relevant supporting tribunals. The request for the increase in funding is a sign of the progress that we are making with our new strategy in being not just tough on drugs but driving pure performance. We say in our media releases quite often that never in Australian sporting history has an athlete in Australia involved in doping stood a greater chance of being detected than they do today and picking up these cases at a rate of two to one now than before ASADA existed I think is proof positive of that result.

Senator LUNDY—What proportion of the 2006-07 departmental allocation for ASADA does \$2.24 million represent, just in percentage terms?

Mr Ings—It is 2.24 of 12.9.

Senator Brandis—Senator Lundy, you could have worked that out for yourself if you compared that figure with the figures on page 240 of the PBS.

Senator LUNDY—I could have, but it is much easier to ask officers. Are you meeting your target number of drug tests?

Mr Ings—At the moment we are slightly behind on our testing numbers, but that is not unexpected at this time of the year. In fact, going back historically, ASDA and ASADA have been a little behind in their testing targets, but it is a small amount. Our team is working very diligently to make sure that we can achieve our full-year testing numbers on time and on budget.

Senator LUNDY—What was the precise amount allocated for the testing budget in the 2006-07 financial year?

Mr Ings—I do not have that degree of breakdown. We have a detection budget and within that we have a testing budget. We can take that question on notice.

Senator LUNDY—Can you also take on notice the testing budget precisely for the previous two financial years so it is dating back into ASDA?

Mr Ings—Yes, we can take that question on notice as well.

Senator LUNDY—Also the projected budgets for testing in the forward years, say in the next two.

Mr Ings—Yes, I can take that question on notice as well.

Senator LUNDY—Following the AFP investigation into the leaks with respect to the AFL, is there any follow-up internal investigation into the AFL leak?

Mr Ings—When the allegation was made in March of last year that a leak had come from somewhere, the allegation was made that the leak must have come from ASDA. At that time we commissioned a full and comprehensive internal investigation to ascertain whether there was any merit to the allegation that someone from ASDA had leaked confidential information.

Senator LUNDY—I know, we have discussed that. That was the AFP one.

Mr Ings—No, that was our own internal investigation. Following that, the AFP conducted their own investigation following a complaint received by the AFL. The AFP's investigation was comprehensive—I think is the best term to use—forensic, very thorough. In fact, how they conducted that investigation was very impressive. We have been notified by the AFP that they have exhausted all avenues of inquiry and found no evidence to support the allegation that anybody at ASDA leaked any information to anybody at any time. With that, as far as we are concerned, the matter is closed. From the AFL's perspective, we have been informed and seen their various media reports that they are satisfied with the investigation and from their perspective also the matter is closed.

Senator LUNDY—Are you telling me that there is no internal investigation going on currently about that leak or any leak?

Mr Ings—Firstly, it is a mere allegation that there even was a leak.

Senator LUNDY—I am talking about an investigation of an alleged leak.

Mr Ings—There has been a very thorough investigation that has been conducted by the AFP using their various powers.

Senator LUNDY—That is not my question. My question is: is there a current investigation into any alleged leak internally?

Mr Ings—The AFP investigation has been concluded.

CHAIR—Senator Lundy, the witness is trying to answer your question.

Mr Ings—The investigation by the AFP has been concluded.

Senator LUNDY—No. Is there an internal investigation, that is, within ASADA—so far you have just referred to ASDA—about any alleged leaks?

Mr Ings—The reason I am referring to ASDA is these allegations amount to the period when we were ASDA.

Senator LUNDY—Sure, but I am asking you now.

Mr Ings—No, there was an internal investigation in March and April when the allegation first surfaced. There is no more internal investigation. We were satisfied at that point in time.

Senator LUNDY—What about into other matters or other alleged leaks?

Senator KEMP—You would mean, for example, former staff people briefing you. Would that be an alleged leak?

Senator LUNDY—No, I am talking about the leak that the AFP investigated. I am trying to ascertain—

Senator KEMP—No, you said apart from the AFL.

Senator Brandis—Senator Lundy, you have come at this in two ways. You have asked if there is a current AFP investigation and the answer was unequivocally no.

Senator LUNDY—No, I did not actually ask that.

Senator Brandis—You asked if there was an internal investigation and again the answer was unequivocally no.

Senator LUNDY—I know the AFP investigation has concluded. We have covered that previously. No, my question was about an internal investigation.

Senator Brandis—And Mr Ings said no. Perhaps you did not hear him.

Senator LUNDY—Yes, but he said with respect to ASDA.

Senator Brandis—With respect to the question you asked. If you are asking a different question—

Senator LUNDY—I am just used to reading *Hansard* and seeing some of the slippery answers that I get over the years, so I am trying to—

Senator Brandis—It is not a slippery answer; it is a question of the officers seeking to respond to the question put to them. If the question is loosely worded, it is not the officer's fault.

Senator LUNDY—With due respect, Minister, I will try and tighten up my questioning. I also know that there is regularly a strategic interpretation of questions by officers, particularly ministers, as you well know. I am just trying to be fair.

Senator Brandis—I do not know that. These officers are seeking to answer the questions you are putting to them honestly and in good faith. If you cannot formulate your questions in precise language, that is not their fault.

Senator LUNDY—Could I ask for an update on the weightlifting inquiry.

Mr Ings—Yes. Before Christmas ASADA put out a formal announcement providing an update for the public and for the media on the status at that time of the inquiry into Australian weightlifting. The announcement was very comprehensive and we informed everybody that phase 1 of that investigation was now complete, that phase 1 of that investigation had identified issues of the possession, use and trafficking of prohibited substances within the sport of weightlifting and that phase 2 was now moving on to speak with what we term persons of interest in regard to the particular investigation. Last week we put out our six-monthly report of additional findings to the register. If you review that release that we put out last week, you will note that there are five additions to the register which relate to the sport of weightlifting. Four of those are directly related to the investigation into weightlifting. The fifth is related to target testing that took place as a by-product of the investigation into weightlifting. So there are five entries related to our overall examination of that sport which have been added to the register subsequent to the announcements that we made in December.

Also at the time of making the announcement—and this is a new approach for ASADA—we not only are looking at identifying athletes who may be involved in using, distributing, or trafficking prohibited substances but are wanting to work closely and in cooperation with the sport to protect the integrity of that sport and to restore the public's confidence in that sport. So for the first time, I believe, in Australian sporting history we announced a comprehensive eight-point action plan which would address the various issues that were identified in the weightlifting investigation and provide a firm foundation for the sport of weightlifting, which has been dogged by serious allegations of drug use and serious numbers of athletes testing positive for prohibitive substances, to see them vault from the back of the pack to the front of the pack in terms of public perception of that particular sport. We are currently working through with the board of Australian Weightlifting who have signed off and endorsed the eight-point action plan. One of our board members, Mr John Black, is heading up an ASADA task force which is looking to work with Weightlifting to implement the action plan. We have representatives from the Australian Sports Commission who are equally involved in implementing that action plan. That is the status of the investigation into weightlifting.

Senator LUNDY—Why is that ASADA's job? Why have you taken on that new role to protect the integrity of the sport when your role is to investigate the abuse of drugs in sport? Was that a decision guided by government policy?

Mr Ings—The role that we have—our vision—is to drive pure performance, and our mission is to protect the integrity of Australian sport through the elimination of doping.

Senator LUNDY—Sure, sport generally. When did you coopt into your charter protecting individual sports? I understand that through your work you would do that as a matter of course, but this is something very different and it certainly was not foreshadowed in the legislation or the regulations when we discussed the ASADA bills in parliament.

Mr Ings—In all fairness, we are trying to protect the integrity of sport. We are catching people involved in doping, but we also want to be involved in building a framework that ensures that the issues that caused it do not appear in the future.

Senator LUNDY—You are not answering my question.

CHAIR—Well, I think, to be fair to, Senator—

Senator LUNDY—No, listen.

CHAIR—That is a broad—

Senator LUNDY—When did you make that decision—

CHAIR—You have put it in a broad context.

Senator LUNDY—to expand ASADA's role into protection of the integrity of specific sports as opposed to generally, and was that a decision guided by government policy?

Senator Brandis—I think you are throwing up a red herring, because you are asserting to the officer that there has been some change of direction—

Senator LUNDY—It sounds like it to me.

Senator Brandis—which you seem to find in the difference between—

Senator LUNDY—I just want to know why—

Senator Brandis—Australian sport and Australian sports. I know I am very new in the portfolio, but it seems to me that Australian sport is the aggregate of all of the Australian sports and it is not possible to protect the integrity of Australian sport without policing for drugs in particular sports, and that by protecting the integrity of each of those sports one is protecting the integrity of Australian sport in the manner in which Mr Ings has indicated.

Senator LUNDY—But that is why I am asking the question.

CHAIR—Senator Lundy, with respect, I think Mr Ings has set a broad context of the policy and it seems to me to have been a satisfactory answer. I do not know that you can—

Senator LUNDY—It is not in my opinion. I have a right to try and—

CHAIR—But he has given you the broad principles.

Senator LUNDY—Yes, but he is just not answering the question.

Senator Brandis—Well, Mr Chairman—

Senator LUNDY—He has got lots of government people protecting him so I am happy to move on—

Senator KEMP—The question was answered very well, and I might say I thought the minister was able to again add some perspective on the issue, which was a great help to the committee. I congratulate the minister for that.

CHAIR—Senator Lundy, may I say that if we are going to move on Senator Kemp has a question which he wishes to ask, I believe.

Senator KEMP—Thank you. I will be brief. I just want to go back to—

Senator LUNDY—It is called interference.

Senator KEMP—the investigation by the Australian Federal Police. For the record, the investigation came about because there was a complaint by the AFL that a leak had occurred and they believed that the leak came from ASADA.

Mr Ings—That is correct, yes.

Senator KEMP—Are you aware of any particular evidence they had which would give some basis to that allegation?

Mr Ings—We were not aware of any evidence. We did our own investigation and we found no evidence.

Senator KEMP—As a result of the investigation, which was very extensive, as you mentioned, no evidence was found against ASADA?

Mr Ings—That is correct.

Senator KEMP—How much did the investigation cost ASADA, as a matter of interest?

Senator LUNDY—I was going to ask that question.

Senator KEMP—There has been a leak from your office obviously.

Senator RONALDSON—Two for the price of one.

Senator KEMP—How much did it cost?

Mr Ings—Just one second.

Senator RONALDSON—Senator Kemp came in with the relevant question first.

Senator KEMP—As always. You can take that on notice but in very general terms I assume there were some extensive legal costs. How much, roughly, would they have been, do you think?

Mr Ings—From start to finish, beginning with the initial investigation that ASADA conducted internally, defending ourselves against claims in the Federal Court, providing legal support to staff members who were interviewed by the Australian Federal Police, I would estimate probably cost something between \$100,000 and \$200,000.

Senator KEMP—So that would be the legal cost but that would not, of course, account for the cost of any staff time that was involved.

Mr Ings—Clearly, the amount of management time and staff time that has been devoted to this exercise would be quite significant.

Senator KEMP—Of course the Australian Federal Police would also have their costs, which one would imagine would be quite extensive.

Mr Ings—That is right. They had a team of people who spent a good deal of time talking to a number of people both outside ASADA and inside.

Senator KEMP—Just to summarise, the result of the expenditure of many hundreds of thousands of dollars spent investigating an allegation by the AFL was that no evidence against ASADA was found. I think that is excellent news. Can I just ask you: can you table the letter of apology that you obviously have received from Andrew Demetriou over this issue?

Mr Ings—We have received no letter of apology from the AFL.

Senator KEMP—What? Hundreds of thousands of dollars have been spent, the Australian Federal Police have been involved in a very time-consuming exercise, and no evidence has been found. I mean, surely the AFL have contacted you?

Mr Ings—We did receive a very welcomed and courteous phone call from Mr Anderson, but that is the extent of the communication.

Senator KEMP—Just for the record, what particular position does Mr Anderson have?

Mr Ings—He is the head of football operations, I understand.

Senator KEMP—I assume the allegation would have come from the top levels. Can I express my disappointment that so much time has been spent on this issue. I would have thought, as a matter of courtesy, that you would have received a letter. Certainly, if Andrew Demetriou felt there was evidence he is entitled to raise that issue; I do not dispute that. One hopes that before he made that allegation he looked very carefully at his own organisation to make sure that there were no leaks. I notice that you have indicated that prior to the Federal Police coming in you conducted a very extensive audit of your own people to make sure there were no leaks. The whole thing, I must say, does not make happy reading. Hundreds of thousands of dollars of taxpayers' money has been spent on this, and now we have come to a conclusion and you have not even received an appropriate response from Andrew Demetriou. I think it is a great pity.

CHAIR—We note your comments, Senator.

Senator LUNDY—Apart from the report from the investigations by the AFP and internally relating to the AFL issue, are there currently any other internal investigations relating to how particular information has been obtained by media outlets?

Mr Ings—There are no formal investigations, no.

Senator LUNDY—Are there any informal investigations or inquiries being made within ASADA?

Mr Ings—There are no formal investigations or formal inquiries. From time to time—

Senator LUNDY—Or informal?

Mr Ings—From time to time, when media outlets publish information, we question where they could have obtained that information. But this is standard business. In the field of anti-doping there are journalists who are getting access to and printing information from a variety of sources. We remain confident that there has been no leak of any information from ASADA to any journalist about any issue. On top of that, we have just completed a full Federal Police

investigation of our people and our processes which has vindicated that in the case of the AFL allegation.

Senator LUNDY—Do any of your staff have concerns with the way information is obtained by journalists?

Mr Ings—If staff have particular concerns they should come and address those concerns with me or table those concerns with the board—

Senator LUNDY—Or CPM, by the sound of it.

Mr Ings—Again, if staff have any concerns about that, I suggest that rather than coming to you that they come to me directly with their concerns so that we can examine and address those concerns, just as we did with the allegations that were levelled against ASADA in relation to the AFL allegation.

Senator LUNDY—Can I just make sure that you have got on notice the question of the planned number of tests for the six months to 31 December 2006 versus the actual number of tests conducted between 1 July 2006 and 30 December 2006?

Mr Ings—Yes. We took that question on notice.

Senator LUNDY—I think you took it on notice in relation to how much funding was allocated for that purpose, not to the actual number of tests, so can you take the number of tests on notice as well.

Mr Ings—We will take on notice both the number of tests during those particular discrete periods and also the funding allocations for testing during those discrete periods.

Senator LUNDY—Just going back to the weightlifting inquiry, you spoke about registrable events, but were there any notifiable offences recorded through that inquiry?

Mr Ings—The register is now called the register of findings. What you are referring to is the old register of notifiable events, which was laid to rest with the closure of ASDA and the opening of ASADA. There have been 18 entries on the ASADA register of findings and five of those relate to weightlifting.

Senator LUNDY—Yes, but were there any offences that resulted in sanctions being applied to athletes as part of those registrations?

Mr Ings—When an entry is made on the register of findings it means that ASADA has reached a determination that the athlete has a case to answer. Then, depending on the athlete, they may seek to challenge that through the AAT, through the Federal Court or through various tribunals, such as the Court of Arbitration for Sport or the tribunals for a particular sport. At this point in time the weightlifting matters are register entries; they are findings. The names are not publicly released because that would be a breach of the national anti-doping scheme, but we do provide updates on a regular basis as to the number of entries that we make on the register.

Senator LUNDY—What is the status of a case being developed against weightlifters in relation to those items on the register?

Mr Ings—Any athlete on the register who has not been named on the register has received a letter from ASADA telling that we believe that they have a case to answer and offering them

an opportunity to challenge that finding before the relevant tribunal, be it through the AAT, if they so choose, the Court of Arbitration for Sport, if they so choose, or through the relevant sporting tribunal, if they so choose.

Senator LUNDY—Have they chosen? When will their names be made public if you have made an allegation that they cannot defend?

Mr Ings—Names are made public if and when the sporting tribunal reviews the evidence and finds that the athlete has committed a doping offence.

Senator LUNDY—So, because you have put that entry on the register, the process now is that, when athletes have received a letter, it is up to them to prove their innocence, and that will go to the tribunal. Ultimately they will be named, if they cannot show cause.

Mr Ings—If a finding has been reached, the athlete has been notified and the athlete can now challenge that finding before the relevant sporting tribunal.

Senator LUNDY—You just said that. Can you just tell me if what I am saying is the correct interpretation of what you are saying?

Mr Ings—Could you repeat what you just said?

Senator LUNDY—The process now is that the athletes who have been placed on the register confidentially—no-one knows who they are—have received a letter from you. They now must prove their innocence and, once that is considered by the sports tribunal that you described, that tribunal will determine whether they are innocent or guilty and, if they are guilty, their names will be known.

Mr Ings—That is correct under the NAD scheme and the tribunal rules. If they rule an offence has been committed then the athlete is publicly named.

Senator LUNDY—What is the time frame for that process?

Mr Ings—The time frame for that process varies depending on the nature of the case, the nature of the substance, the complexity of the evidence, the number of witnesses who need to be called, the geographic location of the athlete, the defence and counsel for the athlete and the ability of us to prosecute. There are a number of factors which go into it. There are some matters which are resolved very quickly and there are some matters which may take a substantial length of time.

Senator LUNDY—In the context of that ongoing process within ASADA, at what stage is the Australian Sports Commission in its assessment of funding for the Australian Weightlifting Federation, and what funding, if any, has been withheld?

Mr Peters—Last week, on the basis of our discussions with ASADA, we agreed to fund weightlifting at \$15,000 per month to support the employment of a chief executive officer who has been working for some time, and we have confidence that that officer can now drive the governance and management reform issues that need to be driven within the sport. We are also working with weightlifting and ASADA to ensure the action plan is implemented.

Mr Ings—You mentioned that the athletes are guilty and must prove their innocence. That is not how it works. When a name is put on the register, there is a finding that has been made against the athlete—

Senator LUNDY—But that is my point.

Senator Brandis—Let him finish, please.

Mr Ings—There is a finding that has made been against the athlete of a prima facie case against the athlete. The athlete has not been found guilty of a doping offence. The athlete is offered an opportunity to challenge that prima facie finding before a relevant sporting tribunal or to accept that prima facie finding and accept that he or she has committed a doping infraction.

Senator LUNDY—But the athlete is not consulted, if you like, in the placing of that initial registration?

Mr Ings—Under the NAD scheme, there are detailed steps that we need to work through before we place a name on the register. The athlete is notified of our case and offered an opportunity to provide input and feedback on that allegation. That material is then reviewed by ASADA's anti-doping rule violation committee and only then, after those steps have been followed, if a prima facie case still exists, is the name added to the register.

Senator LUNDY—I will place some questions on notice further to that. Last time I asked a couple of general questions about the hockey relocation. I understand this decision is not far away. Can I ask the Australian Sports Commission what its knowledge is of the process as Hockey Australia moves towards having to make a decision on this, and particularly at what point the Sports Commission is advised or appraised or consulted pre or post Hockey Australia's decision.

Mr Peters—The process is still as originally planned by Hockey Australia. They have gone out through a tender process to receive bids from different states on the possible future location of the program. We had some input into the technical nature of the brief but we have no input into the final decision. There is a board meeting of Hockey Australia on the 17th and 18th of this month, at which we understand they will be making a recommendation and, other than intense lobbying, we are awaiting a decision.

Senator LUNDY—What happens once Hockey Australia make that decision? Does the Australian Sports Commission have a role then? Do you need to tick it off or approve it? What happens next, once you are informed by Hockey Australia of their decision?

Mr Peters—Sport runs sport. It will be a decision for the sport. I have no doubt the minister will get complaint letters from whichever state is not successful.

Senator LUNDY—I have no doubt.

Mr Peters—And the sport will go on and continue to be the success that it is. Any implementation, as I understand it, of the move will not be until post-Beijing and then it will be business as usual. The AIS will supply its services whether it is in Perth or one of the other locations.

CHAIR—I would hope to be able to write to the minister and congratulate him on the fact that the centre has remained in Perth, of course.

Senator LUNDY—I am hoping the minister, like me, is completely agnostic on the issue.

Senator Brandis—Mr Chairman, I am completely agnostic. I am aware of the issue. I just make the observation that, as I know from my own experience in Queensland, where we have the Australian Cricket Academy at Alan Border Field, not all the centres for sporting excellence in Australia are in the south-east corner of the country—nor should they be.

Senator LUNDY—Thank you.

Senator RONALDSON—I think that is an unwarranted intervention.

CHAIR—I thought it was clarifying—but we should proceed.

Senator LUNDY—There are a couple of issues I want to go through in the limited time available. I have a range of questions relating to disability sport, but one in particular I wanted to follow up was funding in relation to AUSRAPID to assist athletes with an intellectual disability. You mentioned at the last estimates hearing that the Sports Commission gave an additional \$180,000 to AUSRAPID to assist those athletes that were affected by the change of the Australian Paralympic Committee direction. Can you point out where that \$180,000 is on your schedule of grant allocations and exactly what that money was for?

Mr Peters—The \$180,000 was distributed as \$60,000 to the program Basketball Australia was running, \$60,000 to the Athletics Australia program, and the third part was \$60,000 to Swimming Australia to run their program. The philosophy of the government that we are implementing is to mainstream and, if a national sporting organisation can operate programs, then the money can go direct to them.

Senator LUNDY—Just looking at the documentation again on the website, it appears that there has been a reduction in funding to athletes with a disability, from \$136,000 down to \$90,000. Can you explain that shortfall and again point to where on the documentation I can find that additional allocation of \$180,000?

Mr Espeland—I will answer your second question first. I am obviously not looking at the website now, but it is on a table that refers to the funding for NSODs. You will find it down the bottom under ‘Unallocated’ as \$180,000 to support ID athletes, and the specific detail is as explained—

Senator LUNDY—Sorry, where is it?

Mr Espeland—It is on the table ‘Funding to national sporting organisations for people with a disability’.

Senator LUNDY—In the 2006-07 grants chart?

Mr Espeland—It is down the bottom as ‘Unallocated support for ID athletes’: \$180,000.

Senator LUNDY—I do not have that on my table.

Mr Espeland—I will go back and check on that. It might have been a slip in terms of putting it up on the website.

Senator LUNDY—Mine finishes with the APC, and it specifies the AUSRAPID grants at \$90,700, but there is no line that has that unallocated amount of \$180,000.

Mr Espeland—I will check on that and you can rest assured that, if the \$180,000 is not there, it will be by close of business.

Senator LUNDY—We will check the website.

Mr Espeland—That was the case, as Mr Peters explained. In consultation between AUSRAPID, those three sports and the APC, it was agreed that we would move that \$180,000—\$60,000 to each of the sports—directly to the ID program run by those sports. Your other question related to variations—

Senator LUNDY—Yes, from last year to this year for AUSRAPID.

Mr Espeland—There are two components, as you can see. One is for high performance, which is base lined, and we have also supplemented that with the CPI increases over the last couple of years. The international competition and training camps really depend upon the individual NSOD's program. They would bid according to what the competition cycle is, so it will go up and down. We can provide a snapshot of that over time, but it does vary. Basically, each of the sports receives what they bid for.

Senator LUNDY—That explains the reduction. Next year it might well go up beyond that?

Mr Espeland—That is right. In particular, the SODs might have a world championship every two years rather than every year.

Senator LUNDY—Professor Fricker, I found out through your answers to questions on notice that you did have two athletes with an intellectual disability on scholarship.

Prof. Fricker—Yes.

Senator LUNDY—Do they remain on scholarship?

Prof. Fricker—Yes, but the scholarships expired on 31 January this year.

Senator LUNDY—31 January?

Prof. Fricker—Of this year.

Senator LUNDY—Are you aware that several swimmers with an intellectual disability were told that, if they performed at a certain level at the Australian championships they would be awarded an AIS scholarship, only to be told after the event that they were no longer eligible?

Prof. Fricker—No, I am not aware of that.

Senator LUNDY—I would appreciate it if you could take on notice investigating precisely what occurred and report back to the committee. Also, can you advise the committee when the decision was made, in the context of that, not to support athletes with an intellectual disability?

Senator Brandis—I think what you meant to say is whether anything occurred?

Senator LUNDY—I presume Professor Fricker will answer these to the best of his ability.

Senator Brandis—I am a little uneasy about—

Senator LUNDY—These are serious allegations.

Senator Brandis—indeed—allegations that are not accepted going on the public record as if they had been conceded. I want to make it perfectly clear that that is not the case.

Senator IAN MACDONALD—Would it also be possible to provide a name so that officers can follow through your allegations?

Senator Brandis—It certainly would facilitate the inquiry.

Senator IAN MACDONALD—Otherwise it is a bit of a fishing expedition.

Senator LUNDY—Normally if the agency or department does not have enough information to answer the question they communicate through the committee to get more information.

Senator Brandis—That is not the point I was making. It may have been Senator Macdonald's point.

Senator LUNDY—No, I think his point is a separate one to yours.

Senator Brandis—The point I was making is that the question being taken on notice is not, 'Will we investigate the incident?', which assumes that the incident alleged has in fact occurred. We will come back to you on the question of whether or not any such thing as you have asserted occurred.

Senator LUNDY—Yes. We have a question on notice there somewhere.

Prof. Fricker—Yes.

Senator LUNDY—I have about a minute left. I have two more very brief questions and then I will place my other questions on notice. Going back to hockey, I know that Hockey ACT, in terms of making a bid, has raised with me the question of the level of 'non-compromising cooperation'. They are very conscious of the fact that the Sports Commission is completely non-partisan on this issue.

Senator KEMP—On all issues.

Senator LUNDY—Because the ACT is ACT based and the AIS is ACT based, is there a case for the AIS to provide non-biased and 'non-compromising' information to the ACT to allow them to complete their submission?

Mr Peters—We have had a number of discussions with the ACT. In fact, the latter ones were very disappointed that they claimed a number of things that we would do for them to advantage their submission. We have had to put a letter of clarification out to other states who have complained about our interference. We have had a number of discussions with the ACT, and certainly the commitment of the AIS to the program wherever it is will be no different from what it is at the moment.

Senator LUNDY—I appreciate that. It was raised with me as a concern. Finally, having visited the AIS a few times recently, I note that there is an extraordinary amount of construction work in the vicinity, not the least of which is your own redevelopments taking place in the area. I was wondering if the AIS had seen fit to conduct any air quality testing given the inordinate amount of dry dust in the vicinity during those constructions, particularly in this crucial period leading up to the Beijing Olympics?

Prof. Fricker—We have not conducted any air quality testing.

CHAIR—It is now three o'clock. We would ask you to put all further questions on notice. That concludes the communications and IT portfolio. I thank all the officers who have been

here with us. I thank Helen Williams and the ministers who have been in attendance through this section of the estimates. We are now going to move on to the environment and water resources portfolio and welcome Senator Abetz as the duty minister.

[3.06 pm]

ENVIRONMENT AND WATER RESOURCES PORTFOLIO

In Attendance

Senator Abetz, Minister for Fisheries, Forestry and Conservation

Department of the Environment and Water Resources

Executive

Mr David Borthwick, PSM, Secretary
Ms Anthea Tinney, Deputy Secretary
Dr Conall O'Connell, Deputy Secretary
Mr Howard Bamsey, Deputy Secretary
Dr James Horne, Acting Deputy Secretary
Mr Malcolm Thompson, Acting Chief Executive Officer, National Water Commission

Approvals and Wildlife Division

Mr Gerard Early, First Assistant Secretary
Ms Vicki Dickman, Assistant Secretary, Environment Assessment Branch
Ms Alex Rankin, Assistant Secretary, Environment Assessment Branch
Ms Kerry Smith, Assistant Secretary, Wildlife Branch
Mr Neville Matthew, Acting Assistant Secretary, Policy and Compliance Branch

Australian Government Antarctic Division

Mr Tony Press, Director, Australian Government Antarctic Division
Mr Rod Allen, General Manager, Corporate
Ms Virginia Mudie, Deputy Director, Policy Coordination

Bureau of Meteorology

Dr Geoff Love, Director of Meteorology
Dr Neville Smith, Chief Research Scientist
Mr Trevor Plowman, Assistant Director, Finance and Budgets

Corporate Strategies Division

Mr David Anderson, First Assistant Secretary, Corporate Strategies Division
Mr Darren Schaeffer, Chief Finance Officer
Mr Matthew Kelly, Director, Budget and Finance Section

Environment Quality Division

Ms Mary Harwood, First Assistant Secretary

Great Barrier Reef Marine Park Authority

The Hon Virginia Chadwick AO, Chairman
Mr John Tanzer, Executive Director
Mr Andrew Skeat, Executive Director
Mr John Barrett, Director, Corporate Services
Mr James Innes, Director, Parliamentary and Ministerial Liaison

Heritage Division

Mr Peter Burnett, First Assistant Secretary
Mr Terry Bailey, Assistant Secretary, Heritage Assessment Branch

Industry, Communities and Energy Division

Mr Gerry Morvell, Acting First Assistant Secretary
Mr Ross Carter, Assistant Secretary, Industry Partnerships Branch
Mr Mate Lulic, Director, Divisional Support Unit, Human Resources
Mr Warren Hughes, Director, Divisional Support Unit, Finance

International Land and Analysis Division

Mr Ian Carruthers, First Assistant Secretary
Mr James Shevlin, Assistant Secretary, International Climate Change Branch
Dr Greg Picker, Director, Global Climate Change Branch

Water Assets and Natural Resources Division

Mr Tony Slatyer, First Assistant Secretary
Ms Chris Schweizer, Assistant Secretary, Environmental Water Branch
Mr Tony McLeod, Assistant Secretary, Murray Darling Basin Reform Branch

Water Resources Division

Mr Malcolm Forbes, Acting First Assistant Secretary
Mr Simon Smalley, Assistant Secretary, Water Services Branch
Mr Russell James, Assistant Secretary, Water Policy Branch

Marine and Biodiversity Division

Ms Donna Petrachenko, First Assistant Secretary
Mr Ian Cresswell, Assistant Secretary, National Oceans Office
Mr Stephen Oxley, Assistant Secretary, Marine Conservation Branch
Mr Andrew McNee, Assistant Secretary, Marine Environment Branch
Dr Charlie Zammit, Assistant Secretary, Natural Resource Management Policy Branch

National Water Commission

Mr Malcolm Thompson, Acting CEO/Deputy CEO, National Water Commission
Ms Kerry Olsson, General Manager, Water Reform Group, National Water Commission
Mr Steve Costello, General Manager, Water Programmes Group, National Water Commission
Dr Colin Chartres, Chief Science Adviser, National Water Commission
Mr Roger Cobcroft, Chief Financial Officer, National Water Commission

Natural Resource Management Programs Division

Ms Kelly Pearce, Acting First Assistant Secretary
Mr Paul Davis, Acting Assistant Secretary, Australian Government Natural Resource Management Team
Ms Mary Colreavy, Acting Assistant Secretary, Australian Government Natural Resource Management Team

Office of the Renewable Energy Regulator

Mr David Rossiter, Assistant Secretary

Parks Australia Division

Mr Bruce Leaver, Acting Director of National Parks

Policy Coordination Division

Mr Mark Tucker, First Assistant Secretary

Mr Luka Grey, Budget Manager, Policy Development Branch

Supervising Scientist Division

Mr Alan Hughes

Sydney Harbour Federation Trust

Mr Geoff Bailey, Executive Director

CHAIR—We are dealing with the Environment and Water Resources Portfolio. I welcome Senator Erik Abetz, representing the Minister for the Environment and Water Resources. I also welcome portfolio officers who are appearing this afternoon. Before we move to questions, I note that under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice. I also remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to the committee. The Senate, by resolution in 1999, endorsed the following test of relevance for questions at estimates hearings:

Any questions going to the operations or financial positions of the departments and agencies seeking funds in the estimates are relevant questions for the purposes of estimates hearings.

I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has the discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise. The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were developed and adopted.

If a witness objects to answering a question, the witness should state the ground upon which the objection is taken and the committee will determine whether it will insist on an answer, with regard to the ground on which it is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and should be accompanied by a statement setting out the basis for the claim. An officer called to answer a question for the first time should state their full name and the capacity in which they appear and witnesses should speak clearly and into the microphones to assist Hansard to record proceedings. Mobile phones should be turned off.

The committee has set a deadline for the return of answers to questions placed on notice as the close of business on 5 April, and senators are reminded that written questions on notice

should be provided to the secretariat by the close of business this Friday. I make the point that this committee, according to the Senate committee secretariat, has had the highest proportion of unanswered questions left before these particular estimates, and I would ask that staff make sure that answers come forward fairly promptly. Minister, would you like to make an opening statement at this point?

Senator Abetz—No, I do not, but I understand Ms Tinney does on behalf of the secretary, who is absent.

CHAIR—Thank you. I will call agencies in accordance with the agenda. We now call officers from the Antarctic Division.

Australian Antarctic Division

Senator Abetz—Ms Tinney does have an opening statement.

CHAIR—I remind officers that, for the benefit of the *Hansard* record, when they first speak they should identify themselves and the capacity in which they are appearing. I invite questions.

Senator WONG—Ms Tinney does have an opening statement so she should go first. I would just like to clarify: if I have general questions across the portfolio, should I do them at this stage prior to proceeding to the Antarctic Division?

Senator Abetz—We normally do the agencies first.

Senator WONG—I would like to indicate that, given the change in agencies and particularly the transfer of the Office of Water Resources, I would prefer at the outset to clarify exactly when questions ought to be asked.

CHAIR—Ms Tinney?

Ms Tinney—I would like to make a short statement that goes to fact that Water has been transferred to the portfolio. The estimates that you have before you are based on the former portfolio structure of the Department of the Environment and Heritage funding for the National Water Commission. The Office of Water Resources is included in the Department of the Prime Minister and Cabinet estimates and the water functions from the agriculture, fisheries and forestry portfolio are included in that department's estimates. Funding for the Office of Water Resources and the National Water Commission will be reflected in this portfolio's budget statements that will be forthcoming. The decision on the portfolio additional estimates statement was based on advice from central agencies that the timing of the machinery of government changes meant that the PAES tabled on 7 February would not be adjusted. Therefore the tabled appropriation bills Nos 3 and 4 2006-07 for the environment and water resources portfolio do not include funding of \$570.3 million for the National Water Commission. However, we do have relevant representatives of the portfolio's new water functions available later today. Unfortunately, the secretary and the officers from the new water functions will not be available until later. If Senator Wong's questions relate to that, I would seek the chair's indulgence to delay those questions until the water resources officers are available.

Senator WONG—What time will they be available?

Ms Tinney—It will be later this afternoon and certainly by dinnertime.

Senator WONG—Could I clarify this: when you say relevant officers for Water, that would include NWC, Water Resources Division and Water Assets and Natural Resources Division? I am reading off the agenda.

Ms Tinney—Yes, that is right.

Senator WONG—If I have questions, for example, of Dr Horne and relevant officers who were previously in PM&C involved—

Ms Tinney—That is right. They will be available.

Senator WONG—I am happy to defer those until after dinner to give the officers a chance to get here.

CHAIR—The way we have usually done this portfolio is we go through the list of headings, beginning with the Antarctic Division, and then proceed down through the list. We do not really have a general section on the agenda but you said that you wanted to ask some general questions.

Senator WONG—I do have questions. What are you called?

Ms Tinney—Environment or DEW. It is to save confusion with DEWR.

Senator WONG—According to Finance, you are DETW so you had better sort that out.

Ms Tinney—We have asked Finance to call us DEW to save confusion with DEWR.

CHAIR—What do you wish to do, Senator Wong?

Senator WONG—As I understand what Ms Tinney is putting to us, if you look down the agenda list in front of you with the National Water Commission heading, she is indicating that those officers will not be available until around about the dinner break time.

CHAIR—We would not expect to get down there until some time much later. That is a long way down the list.

Senator WONG—Fine.

CHAIR—We have still not clarified the question of general issues.

Senator WONG—Yes. When do you want me to ask them? I am happy to ask them.

CHAIR—As I said, we usually go through it under the headings.

Senator WONG—Why don't we do the Department of the Environment and Heritage first?

CHAIR—If you want to do it that way, we can, with some general questions then followed by the headings. Do you want to do the Department of the Environment and Heritage first?

Senator WONG—No. I have said that we can follow the agenda because some of the general questions relate to officers who Ms Tinney has indicated are not here and not available. I would simply suggest that we go straight down the list as is and I am flagging with the department, as a matter of courtesy, that I will ask some general questions across the environment and heritage portfolio, prior to moving to Approvals and Wildlife Division. Is that clear?

CHAIR—That is fine. We just wanted to clarify what you wanted to do. We are simply trying to accommodate your wishes. In other words, we are beginning with the Antarctic Division.

Senator WONG—Yes.

CHAIR—We have the Antarctic officers here, so we will now proceed.

Senator MILNE—I would like to clarify whether Macquarie Island comes under Antarctic or later under world heritage?

Dr Press—That would depend on the nature of the question. If it is to do with the operations of the Antarctic Division on Macquarie Island then it is very appropriate to ask me. If it is about the world heritage values of Macquarie Island and/or the issues of environmental management not directly related to the work of the Australian Antarctic Division, that would be the Heritage division or some other part of the portfolio.

Senator MILNE—In relation to the Antarctic Division's operations on Macquarie Island, can you indicate the status of those operations, how they have changed in the last 12 months and how they are predicted to change in the next 12 months?

Dr Press—The status of the operations of the Antarctic Division at Macquarie Island have not changed in the last 12 months and they are unlikely to change in the next 12 months.

Senator WONG—Can you tell me, with the Antarctic Division, what activities does that division engage in with respect to whaling? What is your responsibility vis-a-vis other aspects of the department?

Dr Press—The Australian Antarctic Division has a research component of our research plan on the Southern Ocean that deals with whales and cetaceans in general and Southern Ocean ecosystems. We have an active research program that involves the study of cetaceans. For a short period of time we used to have responsibility for policy matters relating to the International Whaling Commission but, with the rearrangements of the last budget in the department's divisions and the establishment of the marine division, as it was then, the responsibility for policy aspects relating to the International Whaling Commission were transferred back to the department here in Canberra.

Senator WONG—Do you have responsibility for the research plan?

Dr Press—We have a research program that involves cetaceans. We also host the Australian Centre for Applied Marine Mammal Science.

Senator WONG—The Australian Centre for Applied Marine Science?

Dr Press—Yes.

Senator WONG—Do you have any responsibility for monitoring the slaughter of whales in Australian waters in your area?

Dr Press—No, we do not.

Senator WONG—But you had that responsibility previously prior to the budget changes?

Dr Press—No, we did not have a responsibility for monitoring it but the policy aspects relating to the International Whaling Commission were with us.

Senator WONG—We have an Antarctic whale sanctuary, do we not?

Dr Press—There is one. It is listed under the EPBC Act.

Senator WONG—So this is a sanctuary that is identified in the act?

Dr Press—Yes.

Senator WONG—Yes? Who has responsibility in relation to that sanctuary?

Dr Press—The department.

Senator WONG—You or the Marine Division?

Dr Press—Not me.

Senator WONG—Not you, meaning not your division?

Dr Press—Not my division.

Senator WONG—So you have no role in relation to that sanctuary?

Dr Press—Not in terms of any administration whatsoever.

Senator WONG—Does any aspect of the department do any monitoring of the number of whales killed in Australian waters?

Dr Press—I understand that that data is made available to the International Whaling Commission and is available to members of the International Whaling Commission and, therefore, it is available to Australia.

Senator WONG—Yes. So the International Whaling Commission counts them. Does anybody in the Australian government department count them?

Dr Press—The Australian government has access to that data through their representation.

Senator WONG—That was not my question. Your answer, as I understand it, may be perfectly legitimate. It probably is, but your answer, as I understand it, is that the data as to the number of whales slaughtered internationally and, presumably, in Australian waters is collected by the International Whaling Commission; correct?

Dr Press—It is submitted to the International Whaling Commission.

Senator WONG—It is submitted.

Dr Press—Yes.

Senator WONG—By whom?

Dr Press—By Japan.

Senator WONG—By Japan. Is there any aspect of the Australian government or any part of the department of the environment, in any of its divisions, which collects any information on the number of whales killed in our waters?

Dr Press—I think you should ask the Whaling Commissioner about that when he arrives.

Senator WONG—The Whaling Commissioner?

Dr Press—Dr Conall O'Connell, who is our representative on the IWC. The answer is that those data are made available to Australia through the IWC.

Senator WONG—We are already having a bit of trouble understanding each other, Dr Press, and it is very early. I understand that the IWC collects it. Does anyone in the department count or monitor this?

Ms Tinney—It is my belief that there is nobody in the department who monitors this, but we will check with the Marine Division and the Whaling Commissioner. I think Dr Press is correct in saying that we get our information through the International Whaling Commission.

Senator WEBBER—They get theirs from the Japanese?

Ms Tinney—I believe that is right, but I do not have responsibility for whales. We will check for you, Senator.

Senator WEBBER—So that is how we find out what's going on in Australian waters? We take Japan's word for it.

Senator IAN MACDONALD—They are inviting you to wait until you get someone here who can tell you that.

Senator WONG—Just in terms of process, are those officers here, Ms Tinney?

Ms Tinney—We are checking whether the officers from the Marine Division are in the room next door. Dr O'Connell will be back shortly. He is with the minister at the moment.

Senator Abetz—For the particulars of this agency, it does not fit within your purview, so if we can defer those questions.

Senator WONG—Yes, I am happy to do that. I was just trying to find out exactly who had responsibility for what. In terms of the monitoring of Japanese whaling, again, you would have no role in that?

Dr Press—We have no role in that.

Senator WONG—What role, if any, do you have in relation to the whale sanctuary?

Dr Press—We have no role in relation to the whale sanctuary.

Senator WONG—It is within the Antarctic area, is it not?

Dr Press—It is in Antarctic waters.

Senator WONG—Yes.

Dr Press—Correct.

Senator WONG—Which is covered by your division.

Dr Press—We do research in Antarctica consist with the provisions of the Antarctic treaty, but we do not have a role in the administration of the whale sanctuary.

Senator WONG—Can you explain to me why that is?

Dr Press—Those are the administrative arrangements.

Senator WONG—Yes. Maybe to a taxpayer observing the arrangements within departments, it might be a bit obtuse but, when you have an Antarctic Division that has absolutely no role in relation to an Antarctic whale sanctuary that is in your area, it is a little confusing.

Dr Press—It may be but I have given you the answer. We do not have a role.

Ms Tinney—I do not have a lot of knowledge of this area, but my understanding is that the whale sanctuary covers the whole of the EEZ. It is wider than just the Antarctic area.

Senator WONG—Subsequent to the budget changes to which you referred, Dr Press, whereby the International Whaling Commission policy was transferred to the Marine Division, your division would have had no role in any discussions with any of the international regulatory bodies on whaling?

Dr Press—We provided policy advice to the Whaling Commissioner who was, at the time, Conall O'Connell, but, no, I did not have any direct involvement in the International Whaling Commission.

Senator WONG—I am just clarifying in terms of the transfer of responsibilities. I understand from your earlier answer you said your division had responsibility for policy work and engagement with the International Whaling Commission. Is that right?

Dr Press—Correct.

Senator WONG—Then, subsequent to last year's budget, that function was transferred to the Marine Division.

Dr Press—Correct.

Senator WONG—Can you tell me who in the department has responsibility in relation to the Australian Whale Sanctuary?

Ms Tinney—The Marine Division has responsibility for the policy purview on whales and they briefed Dr O'Connell, who is our Whaling Commissioner.

Senator WONG—They briefed Dr O'Connell?

Ms Tinney—Dr O'Connell is the Whaling Commissioner and it is the Marine Division that has the policy responsibility in that area.

Senator WONG—The 'Save Our Whales' community education campaign—is that also with the Marine Division?

Ms Tinney—I believe so.

Senator WONG—Thank you.

Senator MILNE—In relation to the scientific priorities, what percentage of the work that is going on in the Antarctic Division is related to climate change research?

Dr Press—Directly, a fairly high proportion of our effort is looking at the role of Antarctica in the global climate system, and indirectly we have a number of study areas that look at the ecosystems in the Southern Ocean and look at the indirect effects of any global climate change. I think my colleague here will pull out the figures for me in a minute, but it is a very high proportion of our budget.

Senator Abetz—Would it also be fair to say, and tell me if I am—excuse the expression—getting myself into hot water on this, that the evidence gleaned from a lot of the research that the Antarctic Division does—let us say, the core drilling that it does of the ice—could or could not lend itself to climate change science, although the specific purpose of getting the

core and getting the information of CO2 levels, et cetera, out of it is not necessarily part of any climate change project? I think a lot of the work it undertakes could well link in.

Dr Press—Looking at our budget estimates in the yellow book for this year, around about \$68 million of our budget is for Antarctic science and about two-thirds of that would be for climate-related research, either directly or indirectly.

Senator MILNE—How much of that was fed into the IPCC report, given that one of the criticisms was that the IPCC did not take into account the most recent science out of Antarctica on sea-level rise relating to ice melt and destabilisation of the ice sheet, et cetera?

Dr Press—Without getting into the specifics of what went into the IPCC report—there are others in the room who could answer that question more precisely—Australia's contribution to the IPCC report was considerable. We had a number of scientists that work with us, or are our own scientists, who contributed to that report and, yes, indeed, it is correct that there are some recent publications that came out after the cut-off point for the IPCC report that did not make it in; this is true.

Senator MILNE—Thank you.

Senator BARTLETT—Can I just ask about the albatross recovery activities at Macquarie Island?

Dr Press—Yes.

Senator BARTLETT—Is that your work?

Dr Press—Yes—some of it.

Senator BARTLETT—My understanding is that habitat loss on the island from rabbits and the like is potentially impacting on albatross numbers, et cetera. Is that accurate?

Dr Press—My understanding is that some of the albatross biologists are saying that potentially there will be habitat loss for some species of albatrosses and petrels on Macquarie Island, if that is the island to which you refer.

Senator BARTLETT—Was there an albatross recovery team at some stage a few years ago? Is that still operational?

Dr Press—There is research on the island being conducted by the Tasmanian Department of Primary Industries and Water.

Senator BARTLETT—Is that part of the albatross recovery team activities?

Dr Press—Those people were involved in that and the research they are doing is consistent with the plan, yes.

Senator BARTLETT—But you do not have involvement with that?

Dr Press—We do not have a direct involvement with that. That is carried out by the state.

Senator BARTLETT—What is your role in the albatross recovery team?

Dr Press—We are responsible for the Agreement on the Conservation of Albatrosses and Petrels and we provide the secretariat for that agreement.

Senator BARTLETT—What does the secretariat involve?

Dr Press—The secretariat is based in Hobart and it actually serves the committee that is established under the Agreement on the Conservation of Albatrosses and Petrels, which is an international agreement. One of its major activities is to promote albatross conservation internationally, particularly through two reasonable fisheries management organisations and other organisations involved in conservation in the Southern Ocean.

Senator BARTLETT—So there is a committee that is partly from the Tasmanian government and partly from you guys; is that how it works?

Dr Press—No, that is an international agreement.

Senator BARTLETT—But the secretariat services of the committee are—

Dr Press—They are secretariat services for the committee that is set up under the agreement.

Senator BARTLETT—The international committee?

Dr Press—Yes.

Senator BARTLETT—Is there an Australian based albatross recovery team?

Dr Press—There is an albatross recovery plan, but that is not my particular area of responsibility.

Senator BARTLETT—Who handles that? The Tasmanian government?

Dr Press—No.

Senator BARTLETT—I can wait. That is all right. I just need to know who to ask.

Dr Press—It is not in my department. I will give you the advice on that.

Senator BARTLETT—As long as I get an idea of whose department it is with, I can ask at the time.

Senator IAN MACDONALD—Could you just give me an update of the airstrip and what is happening there?

Dr Press—Yes. There is a lot of work, actually. Three kilometres of the runway has been prepared for wheeled aircraft landing and take-off. One kilometre of that has been paved.

Senator IAN MACDONALD—With what?

Dr Press—With snow.

Senator IAN MACDONALD—Snow; okay.

Senator Abetz—In Europe they remove the snow from the runway, but down there they use it.

Dr Press—Yes. They put it back on to insulate the surface. It can take wheeled aircraft right now.

Senator IAN MACDONALD—It is so very good to hear, Dr Press; it has been a long time coming.

Dr Press—Yes.

Senator IAN MACDONALD—What is the plan? When do you expect to have it operational, what are the arrangements for getting people down and back, and what is going to happen to the *Aurora*?

Dr Press—That is a very broad question but, to hit the salient points, we will be flying an Airbus A319 to Antarctica in the coming season. We will probably start some time in November. We need to do some test flights but we will be taking some scientists in and out in the coming season, with a full schedule developed for the season after. The runway should be paved with snow by the end of next season, but in the meantime it will be able to land aircraft and aircraft will be able to take off. The *Aurora Australis* is still in service and, of course, we will still need to use shipping for the transport of heavy equipment and fuel and, principally and most importantly, for marine science. But the project is, you will be pleased to know, on time and within budget.

Senator IAN MACDONALD—Excellent. Just remind me who has the contract for the flights?

Dr Press—The company that operates the aircraft for us is Skytraders Pty Ltd.

Senator IAN MACDONALD—They are a Hobart based outfit?

Dr Press—No, actually I think their address would be Sydney. It is a Sydney based company.

Senator IAN MACDONALD—I am sorry, I used to know a bit about this. You say you are sealing it with snow. What is the base? Is it just ice, blue ice, or—

Dr Press—It is glacial ice, commonly referred to as blue ice. That is graded flat to the appropriate specifications for an aircraft. Snow is then blown back on top of it. It is rolled and that snow is compressed and you then have a runway that has the coefficient of friction of something like Canberra airport in the rain. But it is four kilometres long so it has got a fair bit of distance.

Senator IAN MACDONALD—It is obviously a wheeled aircraft, as you said. Have you had much interest from other bases, other people or other activities for the use of the strip once it is functional?

Dr Press—Yes, although I would be cautious in predicting how those initial inquiries may end up. Particularly those that work in the general area—the French and the Italians—are very interested. The New Zealanders, of course, have kept a close eye on this and we have also had some inquiries from the United States as well. Japan, Norway and China have all been interested in exploring the options for cooperating in our logistics once we get the air system up and running.

Senator IAN MACDONALD—Are the Russians interested?

Dr Press—The Russians tend to be very independent.

Senator IAN MACDONALD—This is at Casey, is it?

Dr Press—Yes.

Senator IAN MACDONALD—And the Russians are just over the border, are they not?

Dr Press—The Russians have for many years been considering building a runway behind Davis Station and from time to time they recycle their gear and make a runway there, but not one to the standard that we would operate on.

Senator IAN MACDONALD—If it is not giving away secrets—and if it is secret you will find a way of not telling me—have there been investigations as to use of this for surveillance work in the Southern Ocean?

Dr Press—This aircraft is capable of flying anywhere in the world on one refuelling. So it can leave Australia and go to anywhere in the world only having to refuel once, which gives it a fairly high travel time which would be entirely useful for surveillance. I have had discussions at officer level with those agencies involved in Southern Ocean surveillance, particularly in the Heard Island area, and the aircraft is capable of flying to that region and back again and still having time on station for identification of illegal fishing vessels.

Senator IAN MACDONALD—I guess you would be the appropriate agency to tell me if the proposals for reforming CCAMLR to make it more effective have progressed at all. Where is that at?

Dr Press—I am not quite sure of the question. Do you mean reforming the voting arrangements in CCAMLR? Australia has been instrumental, as you know, over the last few years in getting some very good conservation measures and law enforcement measures through in CCAMLR. We are working very closely with the European community on some important port control measures to thwart the trade of illegally caught toothfish, which we hope to get adopted by CCAMLR at the next meeting.

CHAIR—Could you, for the purposes of the *Hansard*, state what CCAMLR is?

Dr Press—CCAMLR is the Commission for the Conservation of Antarctic Marine Living Resources. We hope that we can make significant progress at the next meetings in October and November.

Senator IAN MACDONALD—There was a lot of work being proposed to try and get all of the similar types of groupings around the world to share information and do things, which inexplicably was not happening. Has that progressed at all?

Dr Press—Some of that question is probably better answered by the Department of Agriculture, Fisheries and Forestry but, yes, there has been an increase in the cooperation between regional fisheries management organisations, and CCAMLR has been very much involved in that process.

Senator IAN MACDONALD—Finally, coming back to the air access to the Australian bases at Antarctica, without going into the individual figures, but generally, will that result in an operational saving of money to the division?

Dr Press—The short answer to that is no. We have funded part of the air service already through internal savings and we see some efficiencies that we can make, particularly in being able to do marine science and resupply more efficiently. The transport of scientists backwards and forwards is going to be the major contribution of the air link, and it will in fact increase the productivity at the output side of our work. But there are no more savings to be squeezed out of the air transport system at the moment.

Senator IAN MACDONALD—If others use it, will you be operating it as a commercial entity to get your pound of flesh?

Dr Press—We would not be operating it as a commercial entity, but the arrangement that we have with the operators of the aircraft is that we have a revenue-sharing arrangement. If there is revenue to be made from the use of the aircraft then that will be shared between the operator and the Commonwealth. So hopefully we will be able to at least recoup some of our costs that way. I would imagine that some of the cooperation we have with other Antarctic treaty operators will be on a quid pro quo basis, where we might do some work for them if they do some work for us—that kind of thing. But there is still scope, nonetheless, for full cost recovery as we have done with other nations like the Chinese and the Japanese over shipping operations.

Senator IAN MACDONALD—It is an exciting new phase; well done. Just a final sensitive question, perhaps to the minister: will the arrangement where politicians irregularly went to the Antarctic on the ship for learning experiences now transfer to the plane, or have we not gone that far yet?

Senator Abetz—Perhaps we should send the government members by the plane and opposition members by the boat, if they are still going! I am not sure what the answer is on that and I will take that on notice. It is a fair question, and I think giving parliamentarians an understanding of that vast part of Australia's territory is important. Those parliamentarians from all sides of politics who have gone there rave about the experience for years afterwards, so I think it is worthy if we can keep that opportunity available.

CHAIR—Senator Macdonald, if you have finished, we will go to Senator Milne.

Senator IAN MACDONALD—I just want to make the point that, while I was always fascinated and pleased to facilitate it for other politicians, it was never something I had the courage to do myself.

Senator Abetz—I think I could say, 'Ditto' to that. But I understand that there has already been one request to jump on an aeroplane.

Senator MILNE—In relation to the Antarctic air link, I presume there will need to be an additional allocation and collaboration between the Antarctic division and other areas of government on the quarantine and biosecurity arrangements. Is there a strategy recognising that the air link will potentially open up a pathway for potential invasives and problems? Can you explain to me whether there is an additional allocation, whether there is a plan and if it will be in place by November? I think you said that it starts in November. Is that plan available?

Dr Press—We looked at that aspect—quarantine—when we did our environmental impact assessment of the air link. We do have procedures in place for all of our operations: shipping and aircraft. It is a part of our operational plan for the aircraft. So we will be working, as we do with the ship, going through all of the quarantine procedures that we need to.

Senator MILNE—Has there been an additional allocation and is the plan actually available?

Dr Press—An allocation of resources?

Senator MILNE—Yes.

Dr Press—That is built in to the operation of the aircraft. The steps that we need to take to manage those kinds of potential environmental impacts are already costed in the aircraft operation.

Senator MILNE—Is the biosecurity or quarantine plan available anywhere?

Dr Press—I will take that on notice and I will make that information available to the committee.

Senator MILNE—Thank you, Dr Press.

Senator IAN MACDONALD—Has the clean-up of Casey station been completed? We were cleaning up and spending a lot of money.

Dr Press—The old Thala Valley?

Senator IAN MACDONALD—Yes.

Dr Press—No, that is not completed yet.

Senator IAN MACDONALD—Is it continuing?

Dr Press—It is continuing.

Senator IAN MACDONALD—When do you expect that will finally be finished?

Dr Press—It depends on two aspects. One is our logistics in having the right ship available to bring material back to Australia, but, more importantly, we are still in discussions with the Australian Quarantine and Inspection Service about how those materials are to be treated before returning them to Australia. I would be loath to give you a time. The scientific work has progressed very well. We can say that we are able to do that work without impacting adversely on the environment any more than the original waste was doing. In that sense, the work that we have done so far has been very successful but we still have a way to go.

CHAIR—That concludes Antarctic matters.

Dr Press—Chair, I would like to clarify something for Senator Bartlett.

CHAIR—Please proceed.

Dr Press—Senator Bartlett, if your question was about the threat abatement plan for the long-line fishery, yes, we have responsibility for that.

Senator BARTLETT—It was not specific. I thought there was a separate albatross recovery team to the threat abatement plan about the long-line fishery, being where most of the energy had been focused in recent years.

Dr Press—If you ask me a specific question, I will take it on notice and respond to you.

Senator BARTLETT—I really just wanted to get a sense of what the albatross recovery team is doing now: whether it is meeting, who makes it up and what work it is doing. I do not mind if you take that on notice for whoever handles it.

Dr Press—We will.

CHAIR—I thank the Antarctic Division witnesses.

Proceedings suspended from 3.53 pm to 4.05 pm**Bureau of Meteorology**

CHAIR—Can we begin questions to the Bureau of Meteorology.

Senator SIEWERT—While we are waiting for Senator Wong and Senator Milne to come, I would like to ask about the new funding that the bureau is going to have as part of the \$10 billion plan. That is correct, isn't it?

Dr Love—Yes, that is correct. You would probably know as much as I do. The PM's announcement made it clear that over 10 years \$480 million would come to the Bureau of Meteorology for a range of functions in the water area and those functions were all laid out in his speech and the paper on the water plan. That is probably all the detail that I can give at the moment. We are clearly in discussions with officials as to filling out exactly what will be done under those plans.

Senator SIEWERT—Can you tell us if any thought has been given to how you are going to implement it?

Dr Love—I do not want to go into a lot of detail here because some of that detail has to be clearly worked out with a bunch of players, but the essence of the issue is that you cannot manage what you do not measure. We do not have enough information on the groundwater resources of Australia or the surface water to manage it properly. The intent of the elements that the Bureau of Meteorology will be responsible for is to assist the states to improve their monitoring capabilities, and to improve our own monitoring capabilities—because the Bureau of Meteorology does run hydrology networks now; we have a national database of stream flow data, but to enhance that significantly—so that we can do water accounting and accurate water resource assessment for the country, both groundwater and surface water. As a part of that, but not directly, a Bureau of Meteorology responsibility will be assisting the upgrade of water metering for all the irrigators because I believe, and I am not familiar with the area, there is insufficient accuracy in the metering of water going into irrigated areas to really manage effectively.

One of the aspirations is to get to an efficient water-trading market in Australia, and to trade in water you need to know what you are trading in. You need to measure it and know who is getting what. So the Bureau of Meteorology's role is a relatively independent one to provide the water data for the country to support the water resources industry quite broadly. That is the intent. The water metering is one part of it. Upgrading and modernising the stream flow gauges across the land is another part, a database of water data is another part, special investigations will be yet another part, and then analysis and forecasting will be a part of that system. The responsibilities in a general sense that are coming to the bureau are quite broad. We already work in a number of those areas. We do flood forecasting nationally. We do have a national water database. We do water resources assessment, but at a relatively low level and not to the accuracy that can, for example, underpin a water trading mechanism.

Senator SIEWERT—I understand that CSIRO has been working on—the name for a moment has slipped my mind—

Dr Love—It is WRON.

Senator SIEWERT—Can you explain how you are working with that and why funding—excuse my ignorance—was given to the bureau rather than upgrading that system, when I understand that system is already integrated with all the states?

Dr Love—No, WRON is a conceptual system being designed by CSIRO. It does not exist in a physical implementation. My people are part of the WRON alliance, if you like, or the group of agencies that have been trying to design a modern water data system. CSIRO, through Rob Vertesi, have been providing leadership in that area, but in fact the only national water database is probably the Bureau of Meteorology's right now, and the only organisation operating stream gauges across the land in all states and territories is the Bureau of Meteorology.

Senator SIEWERT—That is why the money was given to the bureau, because you are the only national agency.

Dr Love—Partially, I expect. The expectation is that we will continue to work with CSIRO. CSIRO does not operate operational infrastructure, if you like; they carry out research. Somebody needs to put infrastructure in place. It is a bit like a meteorological observing system, and the bureau has been doing it for a hundred years. It is an operational system rather than a research activity; the data are there for everybody to use. CSIRO will play a crucial role in helping us design the system, helping design the instrumentation and helping us design the data management. My staff will be expected to put an operational system in place and maintain it in perpetuity, if you like, or over some long period, to support the national needs of water resource assessment and water management.

Senator SIEWERT—I understand the virtual nature of the CSIRO system. However, I thought there were a lot of other agencies, including the states, that were involved in their system.

Dr Love—Sure. As I have said, there was an alliance of quite a number of agencies in the WRON, including the Bureau of Meteorology and including Agriculture, Forestry and Fisheries—the water elements that have now come DEW, if you like—and there were state agencies involved. The Bureau of Meteorology has, historically and for a long time, been provided by most states with their stream flow information freely to support our flood warning capability, so we have in fact got in place agreements with the relevant agencies in every state to obtain water data and have had those agreements in place for many years. We will build on that infrastructure and that framework and those understandings.

Senator SIEWERT—I presume you will be doing a gap analysis with the states?

Dr Love—Yes. We will be doing a gap analysis with federal agencies, with CSIRO, with all the state agencies, with Agriculture and with the Murray-Darling Basin Commission, or whatever that becomes. All the stakeholders will have views on where the modernisation and the new gauging is required. We do not claim to be the experts, but one of our roles will be to facilitate that process and make sure that, as we build a new better network, we get it in the right places.

Senator SIEWERT—Thank you.

Senator MILNE—If I could just follow on from that on national data management, earlier this year I went for a briefing at the Bureau of Rural Sciences to look at their national

agricultural monitoring system, which I understand is being done in conjunction with the bureau. The concern I have about all of this is that there seem to be so many different systems being developed. Is there any whole-of-government approach to providing information in an accessible way to Australians? You have one system for water, this NAMS system. Is that going to be connected to this data management that is underpinning the water system? Is there any thought about how you are going to rationalise and have a national system of data management around climate being able to link together your temperature predictions, humidity, evaporation, rainfall, or the whole thing? It just concerns me that the NAMS project looks fantastic but I am unaware of how much penetration it has across rural Australia. It has certainly been advertised a little bit. What discussion is going on or what allocations are there to getting a really integrated whole-of-government approach about data management around the whole of the climate issues?

Dr Love—Let me start from the very specific, NAMS. My officers played a significant part in building NAMS, and NAMS taps into the bureau's databases. I believe the bureau has the best set of environmental data in the land and we try to make them widely accessible. As you know if you have gone to our website, we run at about a billion hits a month; that is a pretty substantial access to our data. We do carry, as I said, hydrologic data. You can have a look at the rainfall, you can have a look at the stream flow on our web. We carry oceanographic data as well as meteorological data. We have a reasonable suite of environmental data there. In fact, if you look at the state of the environment report, the only data type that comes through as being anywhere adequate is meteorological data. I believe that the hydrological data will be well treated and integrated within that.

One of my goals is to make my data sets in the Bureau of Meteorology interoperable with the other major data sets, particularly the Bureau of Statistics—the other big data holder. The physical climate change data, not the biological, is held by the bureau. We have now a project to start to get the biological together as well. We are trying to build within the resources we have. We do have resources from the Greenhouse Office supporting us—databases, environmental databases—that can tackle these broad range of issues. There are other databases around and increasingly interoperability is important. I think the ultimate solution will never be one big database somewhere. What it will be is a variety of databases maintained by specialists in the relevant areas but they will be interoperable. They will use standards such that you can pull a data set off Statistics, you can pull one off the Bureau of Meteorology, you can pull one off Geoscience Australia, you can overlay them and you can make sense in a relative way from the different data sources. That is where the world is going. I think that is where Australia will go. I think the groups are working on it. It is probably underresourced, but we are making significant progress. Certainly the water money, to make a pun, when it flows will create a much enhanced capability.

Senator MILNE—Just to return to the question of the environmental one, and the biological as well in that context: how far down the list of priorities is that in terms of the resources you have? Are we likely to see progress on that in this 12 months?

Dr Love—The Bureau of Meteorology is not the sort of organisation that just has a list of priorities and really starts from the top. We are a bit more of a flat structure—sometimes I think it is a bit more like Vegemite—where we try and move forward on a range of fronts.

People are working on that front, and there are very good scientists collecting and gathering those data. It has been highlighted in our climate change work that there is not enough national effort in the biological. We are working on it. We will make progress in under 12 months. It will be progress that you can see.

Senator MILNE—Thank you.

ACTING CHAIR (Senator Ronaldson)—There are no further questions for the Bureau of Meteorology. We will move to questions on the Great Barrier Reef.

[4.21 pm]

Great Barrier Reef Marine Park Authority

Senator WONG—Ms Chadwick, I indicate that Senator McLucas asked me to apologise for her absence. Due to the change in timetable, she will not be asking questions of you today. I think it is the first time in quite a number of years that that will be the case—since 1999 or something like that.

Ms Chadwick—Senator Wong, I do hope that you are going to ask me about the aquarium on her behalf.

Senator WONG—I beg your pardon?

Ms Chadwick—Are you not going to ask me about the aquarium on behalf of Senator McLucas? We are very well prepared.

Senator WONG—I have some questions; I am not sure. Firstly, can you tell me about your relationship with the Great Barrier Reef foundation and how you interact with them?

Ms Chadwick—Certainly. The Great Barrier Reef Research Foundation has no direct affiliation with GBRMPA, but we know the people involved with the foundation very well and have a close but in many ways informal relationship with them. By way of example, my colleague John Tanzer sits on the research foundation scientific advisory committee. We are very fortunate that from time to time when they have meetings they invite me or John Tanzer to join them and to present at those meetings. So it is a very productive and constructive relationship.

However, the origins of the foundation actually came out of the old CRC reef, with which we were closely involved. There was an assessment done many years ago of the viability of establishing a foundation. The result of that was very positive. Although there have been a couple of iterations in the development of the foundation, it is my belief that the current structure under the chairmanship of John Schubert, with Judy Stewart as the executive officer there, is a very professional organisation and one that we are very happy to work alongside.

Senator WONG—I am sorry. I missed the beginning of that answer. Does any member of the authority actually sit on the board or vice versa?

Ms Chadwick—No, we do not sit on the board. The only formal affiliation is that they have a scientific advisory committee and John Tanzer, who is with me today and who is an executive director, sits as a member of that committee.

Senator WONG—Are you aware of a report—certainly it was publicly reported—of 7 February that the foundation produced identifying climate change as the No. 1 threat to the Great Barrier Reef? Has the authority considered that report or not?

Ms Chadwick—I have certainly seen the media reporting of that. Whether you say it is the No. 1 threat or the only threat—

Senator WONG—I do not say that—

Ms Chadwick—I certainly would agree that it is a very serious threat to the Great Barrier Reef.

Senator WONG—Has anyone in the authority considered the foundation's findings?

Ms Chadwick—I might defer to Mr Tanzer.

Senator WONG—Mr Tanzer, perhaps you can enlighten me.

Mr Tanzer—Could you repeat the question, please?

Senator WONG—Has anyone in the authority considered the report or findings of the Great Barrier Reef foundation which identify climate change as the No. 1 threat to the reef?

Mr Tanzer—My understanding is that it was not so much a report but their consideration looking at the range of threats. They decided to rank them in order of importance and significance. Certainly, there was some input from the scientific steering committee that I sit on about each of those different issues, such as—

Senator WONG—Who is the scientific steering committee associated with—the foundation, the authority or both?

Mr Tanzer—The foundation.

Senator WONG—So you sit on the steering committee?

Mr Tanzer—That is right.

Senator WONG—I am sorry, Ms Chadwick. I misunderstood your answer. Mr Tanzer, you sit on the foundation steering committee?

Mr Tanzer—Yes.

Senator WONG—Do you want to finish your answer and I will come back to the question.

Mr Tanzer—The steering committee has advised the foundation board on the nature of the threats and pressures on the Great Barrier Reef over time. That has been a matter of discussion over at least an 18-month period.

Ms Chadwick—My understanding is that the foundation sought this advice from the scientific steering committee so that it would have a better understanding as a board of where to devote research funds that may become available to the foundation. I agree with Mr Tanzer that it is not that there is some weighty research tome informing this but rather the experience and knowledge of the scientific advisory committee to assist the foundation, as I say, in determining where its foundation dollars may be well invested.

Senator WONG—I assume that you are not trying to imply by that answer that the foundation's ranking of climate change as its No. 1 threat is not backed up by serious research?

Ms Chadwick—Of course it is. The scientific advisory committee, from recollection, is chaired by Professor Russell Reichelt, who is a previous director of the Institute of Marine Science and was executive director of the CRC reef for many years. He is a highly respected researcher. Ove Hoegh-Guldberg from the University of Queensland is there. John might be able to give you some of the others. I think Ian Poiner, the current director of AIMS, is on that board. There are very eminent people.

Senator WONG—Were you aware, Mr Tanzer, that these were the five high-level risks that were identified by the foundation—with climate change ranked at the top of the list—prior to that announcement being made or prior to the media reports?

Mr Tanzer—No, I was not aware of the actual rankings. I was aware of the list of threats that had been decided upon, but the ranking does not surprise me at all.

Senator WONG—So you do not disagree with it?

Mr Tanzer—No.

Senator WONG—I turn now to what the work the authority has done. Has the authority undertaken any research into the impact of climate change on the reef?

Ms Chadwick—We in fact devote most of our research funds through either through AIMS, the Australian Institute of Marine Science, or MTSRF, the Marine and Tropical Science Research Facility. That is the successor to the CRC, which is based in Townsville and Cairns. Some of its research is devoted to climate change. We are a small organisation, so I guess our financial contribution is relatively small. However, there is a lot of work that is going on. We have been funded to the tune of something like \$2 million thanks to the Australian Greenhouse Office—for which we are very, very grateful—and that has allowed us to work with other researchers, both nationally and internationally, to produce material which we believe, while not groundbreaking in a research sense relating to climate change, is widely appreciated and acknowledged internationally as being of use to managers such as ourselves as we grapple with strategies that might help us adapt and to manage this inevitable process. I am looking to Mr Skeat, whose area of responsibility that is in, if you want some further elaboration on that. But, for example, we have worked with American agencies, including NOAA, to produce a reef managers' guide to coral bleaching. That has been very well received. We are looking at how to develop some sort of idea of vulnerability across the Great Barrier Reef. That, again, will help us inform management responses. We have been working with tourism operators—

Senator WONG—Could we do this sequentially? I appreciate that you want to tell me about all of the things you do. My question was about research into the impact of climate change.

Ms Chadwick—Into the actual impact of climate change?

Senator WONG—Can you tell me, if any, what activity or research within those parameters the authority has undertaken? I appreciate, Ms Chadwick, that you want to tell me

about the range of other matters you have dealt with associated with that. I am asking about specific research on the impact of climate change on the Great Barrier Reef.

Mr Skeat—As Virginia Chadwick has pointed out, the authority is by and large not conducting research in its own right. If we look at the work the authority is actually doing itself, some of the key work relates to coral bleaching. As we have hot water events, as you are probably well aware, coral does bleach. The authority has undertaken quite a comprehensive program of understanding where that bleaching is taking place and provided a number of reports, which are available on our website, about the severity and impact of bleaching. So that is one step.

Senator WONG—Yes, that is one step.

Mr Skeat—The second issue is that the authority has in the past been part of the CRC, the cooperative research centre for the Great Barrier Reef, and is currently engaged through the MTSRF and the RRRC, the Reef and Rainforest Research Centre, in a number of projects that deal with climate change. The MTSRF program has quite a significant climate change program.

Senator WONG—In terms of that sort of program, is there any funding from the authority?

Ms Chadwick—Yes, we get an equivalent of, I think it is, \$2.5 million. Some of that is specifically for water quality issues. But we maintain that resilience of the corals of the Great Barrier Reef is an important part of the climate change strategy; that resilience is in fact one of the things that we can deal with of a practical nature to ensure that, when the next bleaching event occurs, our reefs have the greatest chance of bouncing back. If I could just add to the matters mentioned by Mr Skeat, we are an organisation that has good networks and contacts worldwide and, as a result, we are in a position to tap into the research of others across the world.

Senator WONG—That was not actually my question, though, Ms Chadwick. Mr Skeat, in terms of the \$2.5 million that you have described, I am trying to work out your total funding commitments for CRC/MTSRF.

Ms Chadwick—That is annually?

Senator WONG—That is an annual figure?

Ms Chadwick—In addition, there is another 460—

Senator WONG—Just so that I am clear about this, there is no additional appropriation in relation to this, is there?

Ms Chadwick—No.

Senator WONG—This is a standing commitment of \$2.5 million on an annual basis; is that right, Mr Skeat? Or is there another officer I should ask that question to?

Mr Skeat—\$2.6 million has been budgeted in this financial year.

Senator WONG—Is that for 2006-07?

Mr Skeat—That is for 2006-07. I do not have figures in front of me for out years.

Senator WONG—What about for the 2005-06 year? Was there a similar amount?

Mr Skeat—Again, I do not have that figure in front of me, but we could provide that to you.

Senator WONG—If you could take that on notice for 2005-06 and any outer year estimates you have. So this is a contribution by the authority to MTSRF? Do I have the acronym right?

Ms Chadwick—Yes.

Senator WONG—What does it relate to? What are the funding components? Is it slightly disaggregated? I think you indicated some water issues, et cetera.

Ms Chadwick—Additionally, there is significant in-kind capacity there.

Senator WONG—Let us not go to the in kind yet. I am asking in relation to the \$2.6 million: is that disaggregated at all? Is it a proportion—

Ms Chadwick—No, it does include in kind.

Senator WONG—That includes in kind. What proportion of in kind is included in the \$2.6 million?

Ms Chadwick—I would need to take that on notice.

Senator WONG—What is the nature of the in-kind assistance?

Ms Chadwick—We sit on a number of task forces. We chair a number of committees. We oversee projects. We work with the researchers at whatever institution they may be involved in. We have a very close relationship with particularly James Cook University.

Senator WONG—So you cost your work?

Ms Chadwick—Yes.

Senator WONG—And that includes the \$2.6 million?

Ms Chadwick—Yes. In fact, whether it was the CRC or the MTSRF, all partners do that.

Senator WONG—That is fine. Is there any actual cash transferred or is it all in kind?

Ms Chadwick—Yes, there is about \$2 million in relation to water quality monitoring. Perhaps Mr Skeat could clarify that. And \$465,000—

Mr Skeat—There needs to be some clarification here. Money that GBRMPA is investing in research this year is \$2.6 million in cash. Of that, some \$465,000 cash is provisional investment in MTSRF projects. The water quality project, which is our major research and monitoring investment, is not actually going through MTSRF. It is going through a consortium which is made up of many of the partners of MTSRF and is not actually going through the MTSRF project.

Senator WONG—Thank you for correcting that. So the \$2 million into water quality is not going through MTSRF; that is going through another consortium?

Mr Skeat—It is going through a consortium. It did go through the reef CRC. That is a consortium put together as MTSRF was going through its changeover period.

Senator WONG—And the \$465,000 is direct payment including in kind?

Mr Skeat—No, not including in kind; that is cash.

Senator WONG—Is water quality under climate change research or is that broader?

Mr Skeat—The water quality research is related to the reef water quality protection plan. The requirement for it is set out under that plan. But it will have very significant implications for climate change work. It provides a really good baseline for a lot of ecosystem conditions in the inshore reef area. This will be vital to some of our work in tracking the effects of climate change versus other effects and looking at the synergistic effects of climate change.

Senator WONG—Can we just clarify, of the \$2 million, how much of that is in kind? Or is that what you have taken on notice?

Mr Skeat—No, again, that is cash.

Senator WONG—Of the \$465,000, do we know how much is in kind?

Ms Chadwick—That is cash.

Senator WONG—Which is the bit that is in kind?

Mr Skeat—There is an additional figure for in-kind contribution to research on the Great Barrier Reef, which I do not have in front of me. But we could certainly provide it.

Ms Chadwick—We will check that.

Senator WONG—That is the one you are taking on notice.

Ms Chadwick—Yes.

Senator WONG—This figure that you have given me is the 2006-07 allocation; is that right, Mr Skeat?

Mr Skeat—That is right.

Senator WONG—Is there any other research allocation for the current financial year?

Ms Chadwick—I think it important to note that there is \$40 million of Commonwealth money that in fact has established and set up the research program for the MTSRF. Our contribution of \$465,000 or whatever pales into insignificance compared with the overall Commonwealth commitment, as I say, of \$40 million.

Senator WONG—Are we allowed to go back to my question? Was there any additional allocation from the authority for research for the current financial year?

Ms Chadwick—Yes.

Mr Tanzer—I think we will have to take that on notice. It is not here in the notes. There are a number of other projects that we run, some in relation to the ARC centre at James Cook, and a number of other projects where we contract directly with providers, but I do not know the amount.

Senator WONG—You could take that on notice, could you not? Can we go back to the \$2 million? Can you remind me who in fact is conducting the research?

Mr Skeat—If we look at the water quality work, the research has been principally done by AIMS, the Australian Institute of Marine Science. Work on seagrass is being done by

Queensland DPI, and there is also work on the monitoring of pesticides being done by the University of Queensland.

Senator WONG—To your knowledge, has the department of environment done any research on the impact of climate change on the reef?

Ms Chadwick—That is beyond our responsibility.

Senator WONG—I wondered if you might have coordinated with them. You are not aware of that?

Mr Tucker—My division actually runs the MTSRF program, so I can give you some details on the particular climate change aspects of that research, if that is of interest to you.

Senator WONG—Yes, thank you.

Mr Tucker—We can do it now?

Senator Abetz—I think we are trying to get through the agencies. It does not worry me; I have to sit here the whole time. It does not matter from my point of view when it happens. But if we can let the agencies go I think it would be beneficial.

Senator WONG—Perhaps we can come back to you, Mr Tucker; the agencies want to leave. What about any studies on the impact of climate change on tourism?

Ms Chadwick—Obviously, the tourism industry is desperately concerned about this. Yes, some minor projects have been undertaken. Some of them have achieved some exaggerated publicity. For example, a small experiment to see what happens if you try to shade an area of coral—

Senator WONG—Sorry, I am having a bit of trouble with this.

Ms Chadwick—Some small experiments have been conducted. Some started under the CRC Reef. I think some have been continued through the MTSRF, although Mr Skeat might be able to clarify further. The other thing that we have been doing is working with insurance companies, particularly IAG, to get them working with tourism operators to try and work out what might happen if there is a catastrophe around some sites.

Senator WONG—Are you able to quantify that a bit for me in terms of programs, the amount of money, who is coordinating it?

Mr Skeat—The key piece of research in classical terms that is being proposed—money is set aside for this, but the research project has not yet started—and that the tourism industry has asked for which is directly related to climate change relates to potential actions that would look after small sites. I hate to mention it, but shade cloth has been one of those issues raised. The current proposal is to investigate the use of water sprays to reduce incoming radiation. The suggestion is that this may be effective on a very small scale.

Senator WONG—You said—

Mr Skeat—I hasten to again say that this work really is talking about very small-scale high-value sites. It is not work that deals with the ecological scale of the reef.

Senator MILNE—Who is paying for that?

Senator WONG—Before we get to the shadecloth, which is obviously a point of interest for a number of us, and a lot of people, you indicate—

Senator Abetz—From a scientific perspective only, I am sure.

Senator WONG—Absolutely. You said that money was set aside for that research. How much money has been set aside? We have some \$80,000 in a set of projects that relate to tourism use on the reef. The budget for this particular project has not yet been finalised. There are discussions going on I think as we speak to determine exactly how much will be required to undertake the research. My understanding is that it is likely to be of the order of \$50,000. Was that already appropriated or were you seeking appropriation, or is it still being discussed?

Mr Skeat—No, that is simply part of our budget this year. So that will be included—

Senator WONG—So of that \$80,000 nothing has been spent as yet; is that right?

Mr Skeat—No, I did not say that. The dollars that have been set aside to work with the tourism industry in relation to this looking after small-scale sites have yet to be spent.

Senator WONG—How much of the \$80,000 has been set aside for that?

Mr Skeat—We would have to have a look at the figures and get back to you on that.

Senator WONG—Apart from that, have there been other studies in relation to the impact on tourism of climate change?

Mr Skeat—If we can just clarify, the impact of climate change on tourism or the impact of tourism on the ecosystem and hence its interaction with climate change?

Senator WONG—Yes, the impact on the reef and what that might do to the tourism industry.

Ms Chadwick—We know from experience in other countries where their reefs have been severely degraded that it may not necessarily be the end of the tourism industry, which is—

Senator WONG—I am actually just trying to get to the dollars at the moment. I appreciate that there is international evidence to which you will refer, and I am sure you are far more across that than I am. I am just trying to get a sense of what research the authority has done to date. As I understand Mr Skeat's answer, there is a proportion of \$80,000 that has yet to be spent on some small sites, and I would like to come back to that shortly. Before I do, has any other money been spent on this type of research?

Mr Skeat—Not to my belief.

Senator WONG—Thank you. Shall we go to the small sites. You mentioned the shadecloth issue, Mr Skeat. Was this an idea that came from the authority?

Mr Skeat—I understand it is an idea that actually came from a group of scientists and was talked through with the tourism industry. There has been some work done. The results I think were, as expected, that if one reduced radiation onto the reef, the effects of bleaching were lessened. I think the other result of the work was that it was clearly impractical to achieve this on any reasonable scale and even on a small scale. Shadecloth was not a particularly useful medium.

Senator WONG—When was the authority first aware of this suggestion?

Mr Skeat—I could not answer that exactly, but it would be perhaps two years ago.

Senator WONG—How did you become aware of it?

Ms Chadwick—Because of our involvement with CRC Reef.

Senator WONG—I am sorry; I thought Mr Skeat said this was something talked through the tourism industry, et cetera?

Ms Chadwick—The tourism industry was represented on CRC Reef.

Senator WONG—So you became aware of it through the CRC discussions? Was that an answer?

Ms Chadwick—From memory, can I say that it was a project that was in the order of \$10,000 or \$12,000—so very modest.

Mr Skeat—If I hesitate, my memory is not clear; it is several years ago. I am confident that at least one way that I became aware of it was through the CRC Reef where the research was conducted.

Senator WONG—Were you aware that Minister Bailey in November of last year talked up the use of shadecloth? When did GBRMPA first become aware of Ms Bailey's announcement?

Ms Chadwick—Speaking for myself, in the media, and I think it would be the same for my colleagues.

Mr Skeat—Absolutely.

Senator WONG—Was there any discussion with the authority prior to the announcement being made?

Ms Chadwick—Not that I am aware of and certainly not at my level.

Senator WONG—Does the authority have any opinion as to the efficacy of this proposal?

Ms Chadwick—We have already stated that, if there is any use for such a medium, it will be on a very localised and very small scale. Certainly it is not practical nor, I would think desirable, to look at it on anything other than a very small scale.

Senator WONG—It would be a very large shadecloth if you were going to large areas, wouldn't it?

Senator Abetz—Clearly the media had fun with it. That is all past history. But let us keep in mind that Ms Bailey is the minister for tourism. It is quite clear from the previous evidence that it was a tourism supported initiative with CRC Reef, and therefore for the minister for tourism to give it a degree of backing, I suppose, is not a matter of surprise, albeit that is why you undertake scientific studies. How much is it—\$10,000 or \$12,000?

Ms Chadwick—It was \$10,000 or \$12,000.

Senator Abetz—It was \$10,000 or \$12,000. We are not talking about a large lick of money. It all adds to the total body of scientific knowledge, and sometimes with science it is to tell us that a particular avenue is not necessarily a fruitful avenue to pursue any further.

Senator MILNE—With respect to shadecloth even in a small area, surely increased acidification will make that an untenable proposition? How much research has been done in relation to acidification?

Ms Chadwick—Internationally, it is a fairly new science, as you would be aware. I am unaware of what is being done at AIMS or James Cook, but I do know that there is work being done at both of those institutions and also in the Terry Hughes Centre of Excellence in Coral Reef Studies. At the University of Queensland, as my colleagues have just reminded me, Ove is very much involved in that as well.

Senator MILNE—As a tourism proposition even on that scale it is ridiculous.

Ms Chadwick—Very difficult times lead to very difficult measures as people grapple for solutions.

Senator MILNE—Yes, mirrors in space.

Senator WONG—But you have not been asked to undertake any further work in relation to a shadecloth proposal, have you? Aren't we funding this? I have got one nodding and one shaking her head.

Mr Skeat—To the best of my knowledge we have not been asked to undertake further work in relation to shadecloth. It may be considered a follow-on project but there is currently a project being considered to look at the effects of water sprays, which would have the same effect, interrupting incoming radiation.

Senator MILNE—Out of the conference of the parties last year in Nairobi there was quite a deal of despondence amongst coral reef scientists suggesting that the world's coral reefs had already gone beyond the threshold of dangerous climate change and that in many cases reef managers were managing for decline. Are there parts of the Great Barrier Reef that have not recovered from the last coral-bleaching event and that you are actually managing for decline now?

Ms Chadwick—Yes, that would be true for a very small percentage. We have people who go out and not only look at the time of the bleaching to identify the areas; they then go and monitor whether in fact they have recovered from the bleaching. Where there is mortality we then monitor again. While there have been hopeful signs, yes, there are some areas of the reef that we would classify as still trying to recover from events, whether they were in 1998 or two years ago. To try and give you an estimate of the absolute percentage, I would need to take that on notice but, thankfully, it is a very small percentage of the entire coral system.

Senator MILNE—I would appreciate getting that on notice. The other main message in relation to coral reefs was that the best hope is to build resilience into the reef system to manage the extreme bleaching events and so on and the acidification. So can you just tell me, apart from climate changes as an over-arching threat, what are the main threats that are actually undermining resilience on the reef at the moment and what are you doing about those?

Ms Chadwick—The first and obvious one was the government's achievement a couple of years ago where we rezoned the Great Barrier Reef and increased the level of protection of all of the marine park. I guess the area that attracted most comment—mostly favourable—was

that we were able to increase the level of 'no extractive' areas from a very small percentage up to 33 per cent. This, plus the scientific underpinning of that rezoning process where we have replicates and larger protected areas, we think builds in a level of protection to the reef that was previously lacking.

The second is the reef water quality protection plan, which I think is a grand achievement between the Commonwealth government and the state of Queensland, to try and arrest the declining quality of water entering the Great Barrier Reef within a 10-year time frame. I think that again tries to tackle a major issue, which is the declining water quality. So I think there is a big issue, and we have a response to it. Although controversial from time to time, we have been trying to work with Queensland and the commercial fishing industry to ensure that fishing that occurs in the GBRS is sustainable so that the ecosystem is in fact as healthy and resilient as possible.

We work closely with the tourism industry and reward high-quality operators. We work closely with ports, shipping interests and Defence. We have had a concerted effort in recent years to get to every major user of the marine park to try and work with them to encourage sustainable best practice. We believe that that is a very practical thing, a hands-on thing, that we can achieve in the face of something that is bigger than the marine park authority.

Senator MILNE—I could not agree more about the achievement of the rezoning. I think everybody applauds that, but rezoning of itself, whilst it is nice on paper, unless there is compliance and enforcement is just a beautiful thing going nowhere. What increase in resources have you had to actually deal with compliance and enforcement, and where are your gaps and weaknesses, particularly in relation to compliance with fishing, both recreational and commercial? What increase has there been in terms of compliance and what are the outcomes on water quality? I heard you mention pesticides a minute ago. Where are the achievements after the rezoning in terms of compliance with and enforcement of the new provisions?

Ms Chadwick—We were very fortunate that the government at the time of the rezoning provided us with funds to enhance compliance on the ground.

Senator MILNE—How much are we talking about?

Ms Chadwick—\$8.8 million over three years. That has actually meant that we have been able to establish a very effective, and I think very professional, compliance unit. We have worked closely with Coastwatch; we contract Queensland Boating and Fisheries Patrol; and we work with Queensland Parks and Wildlife Service. So there has in fact been not only a significant increase in the resources going into surveillance and compliance, but I think a greater professionalism has come into that as well. I guess one of the marks of it being effective—again, my apologies to Senator Abetz—is the number of complaints we get from people being caught for doing the wrong thing in the marine park, whether that is recreational or commercial fishers. We also were very fortunate to receive money at the time of the rezoning, again over a three-year period, for an education program so that people understood what the new rules were. That again has been very effective, and I am very grateful that we have had that increased capacity.

Senator MILNE—You said that the \$8.8 million over three years has allowed you to set up a compliance unit. How many people does that employ to oversee compliance and enforcement?

Ms Chadwick—I would have to say that all of the staff of the day-to-day or field management team, who are largely QPWS officers half funded by the Commonwealth, have a role in compliance. How many people are in the DDM program?

Mr Tanzer—Close to 100 now. There are about 80 rangers and there are about another 16 or 18 compliance staff in Townsville who are investigators, compliance officers, intelligence officers and planners.

Ms Chadwick—In addition to that we received money for a rapid response vessel, its maintenance and crewing, and in the last budget we received funding for a second rapid response vessel. I would have to say I am always on the lookout for and keen to receive extra resources, but the government has been very conscious of its responsibilities and has been, I think, very fair and generous to us in terms of compliance, education and surveillance over the last few years.

Senator MILNE—Whilst I accept what you say about people complaining about getting caught, that is really not an adequate performance assessment of the effectiveness of the field officers—

Ms Chadwick—Indeed.

Senator MILNE—in doing the job. That is not a criticism of the individuals. I am asking about the adequacy of funding for the field officers for the compliance and enforcement of the rezoning plan. Do you have better developed performance objectives, more objective criteria than that, and how many more officers realistically do you need on the ground to do this work?

Ms Chadwick—Indeed, and I should not have made light of that matter. We do have detailed statistics of the nature of patrols. I think the executive receives a briefing every quarter on the activities of the compliance unit, so we are abreast of what is happening, and that includes not just recreational and commercial defences within the marine park, but any foreign vessel incursions to our north. I believe that we do have a very effective program. I repeat that we would always be happy to receive further resources. It would make all our lives a lot easier.

Senator MILNE—Just before you give more information, is there any monitoring of the ecological improvements? Let me put it the other way: you might have people on the ground trying to catch people, but what about some objective data about ecological improvement in the zones subsequent to the rezoning because of that activity? You would hope that is a performance outcome, so where is your measurement against that?

Ms Chadwick—We are very fortunate in that there are research and monitoring programs in place. It is some months ago now that the first report came out, and that was joint work from James Cook University's ARC Centre and the Australian Institute of Marine Science. It did indicate that, in the green zone, they were able to look at areas which had not been green prior to the rezoning and that were now green and that they had control reefs that were green and still green and those that had not been green and still were not. It was found that there was

a greater biomass of fish and that the fish were bigger. I was somewhat surprised, even as a nonscientist, that they were able to deduce those differences so soon after the implementation of the new zoning plan. It is fantastic news; it augers well for the future and really vindicates your comment about the importance of compliance to ensure that improvement continues.

Senator MILNE—How many of the rezoned areas are being monitored?

Ms Chadwick—I could not tell you the number of reefs.

Mr Tanzer—I do not know if I have the numbers quite correct, but there is inshore monitoring of reefs and they are mainly around the continental islands—the Palm Island group, Magnetic Island, the Keppel group and the Whitsundays—and we are looking at expanding that to some of the more northern island groups, like the Barnard and the Franklin. That work is being conducted by James Cook University. Then there is monitoring of offshore reefs, as the chair explained a moment ago, and that is being conducted by the Australian Institute of Marine Science. There is also a monitoring program being set up for the deeper water shoal country, so the lower profile, inter-reefal deeper water structures. That is the first time that monitoring has taken place of fish populations on those shoals. That is underway. As the chair said, we had the first reports on the inshore and offshore reefs a little while ago. The next set of results will probably be due in the next couple of months.

Senator MILNE—Where are the gaps in the monitoring currently? Given what you are saying about extending it and given what you are saying about some of the areas not being monitored at all, what are the significant gaps at the moment in terms of your monitoring of the impacts of the rezoning?

Ms Chadwick—The shoal country monitoring was a gap that we identified and were very keen to fill. You are well aware that we are talking about an area that is almost 350,000 square kilometres.

Senator MILNE—Yes, I know.

Ms Chadwick—It is not realistic to imagine that we would monitor every reef, but we think to have inshore, offshore, near islands and deep shoals—and we have worked with AIMS and James Cook University to ensure that there is some scientific rigour to the work that they are undertaking, so we believe that the monitoring program will produce answers that hopefully are very positive, but, whether they are positive or not, will stand up to scientific scrutiny and that we will be able to make use of that.

Senator MILNE—You are telling me that there are no outstanding gaps?

Ms Chadwick—Similar to my earlier answer on compliance, if I had lots more money I could do lots more monitoring, but, working with the resources that we have available, we believe that we have a representative sample. We believe that we have the critical areas covered and that there will therefore be some scientific rigour to the findings of these monitoring programs.

Mr Tanzer—With monitoring, the more information you have, the more sites that you have, the more quickly you get a comprehensive answer. We are focusing on coral trout as an indicator species. The Institute of Marine Science is doing some broader biodiversity assessment work as well. You can always do more and get a more comprehensive picture

more quickly. Certainly, there is strong interest from the communities along the coast, who want to know how these zones are going and how they are performing, so we also have a process of feeding back the information to them, which is quite resource intensive but very important.

Senator MILNE—Just on the issue of water quality monitoring, the rezoning has taken place, the water quality has been identified as an issue, there is more work going into research, but what about compliance and enforcement with changed provisions? What improvement has there been on the ground, and what significant changes have been made because of the work that you are doing?

Ms Chadwick—One that is visible would be the much improved standard of land based aquaculture on coastal Queensland. As Senator Macdonald would know, given that it is his part of the world, there was a lot of interest in the development of aquaculture projects along the coast within the last eight years or so, and working with developers, working with councils, introducing fairly stringent regulations, has led to the uptake by Queensland of its own regulations, which are much stronger than in the past. There are features within the EPBC Act which are of assistance there. I would look to aquaculture as an example, but every major project along the Great Barrier Reef—whether it is dredging at Hay Point or Nelly Bay marina in Townsville—is subject to very rigid impact assessments. I think that process, particularly working with the department through the EPBC Act, has brought significant improvements and also a greater level of understanding and desire on the part of proponents to do the right thing and work with us, rather than against us.

Senator MILNE—What about the agricultural sector?

Ms Chadwick—Andrew Skeat is working very closely with our water quality people and I think we have pretty good relationships these days with banana growers, cane growers and graziers.

Mr Skeat—The key issue here is that the research that the authority does is in the Great Barrier Reef proper. The changes that are taking place in the catchment as a result of the Reef Water Quality Protection Plan are only just being detected. The program that has been put in place involves targets for management actions in the first place and then targets for water quality. The reports that are presented for the Reef Water Quality Protection Plan each year outline changes that are taking place. The system to monitor changes in water quality is just being set up as we speak. That is the responsibility of the state government and it is now happening.

Senator MILNE—Does that have a compliance and enforcement component?

Mr Skeat—That is a complicated issue. Do they have a compliance and enforcement component in relation to agriculture generally? On some issues, yes, and on other issues, obviously not. It is a broad-scale issue. For mine, the key issue will be tracking changes in agricultural practice and that is proposed to be tracked and reported.

Ms Chadwick—The other element that is important in this area is the wetlands program. Mr Tucker may be able to verify the detail but I think that in the order of \$8 million has gone into wetland initiatives along the GBR.

Senator MILNE—My final question relates to visitor numbers. What is the trend for visitor numbers to the reef?

Ms Chadwick—In terms of recreational fishers, it is increasing significantly.

Senator MILNE—What about the overall visitor numbers?

Ms Chadwick—The tourism numbers are fairly stable. Going on our environmental management charge returns, the tourism numbers have plateaued and are about stable. Recreational fishing numbers are going up. I refer you to page 29 of our annual report, which has a chart of visitor numbers.

Senator MILNE—Is there a commensurate increase in resources?

Ms Chadwick—We have an environmental management charge that comes on people who go to the reef with a tourism operator. There is no charge on recreational boaters or visitors. That charge goes into consolidated revenue and comes back to us as a special appropriation so, in that sense, yes. There is a linkage between the resources to the authority and tourists who go with a commercial operator.

Senator MILNE—I have a final scientific question. Given that people are asking this question around the world and as you are part of the scientific advisory group to the foundation, what advice have you given in relation to increased water temperature and increased levels of acidification? Has the Great Barrier Reef passed the threshold of dangerous climate change?

Mr Tanzer—No. When I say, ‘no’, that means that we have not focused on that. What the scientific steering group—and, I believe, the board of the foundation—is focusing on is the issue of resilience. Obviously neither the foundation nor the Great Barrier Reef Marine Park Authority is in a position to take on the issue of global warming and climate change. Very central to the thinking about the range of issues that they are looking at and what research they may fund is what we can do to make sure that this system is in as good a shape as possible to withstand the threats and also to hopefully recover over time. There is not a great sense of optimism about it not happening, but we are trying to do what can practically be done.

Senator IAN MACDONALD—Congratulations again on the work that you do. It is a great institution, a great asset to Townsville and a great asset for Australia and the world. You were making some comment about your contribution to MTSRF. What do you assess as the total contribution that you make?

Mr Skeat—It is \$465,000 in cash plus in-kind contributions.

Senator IAN MACDONALD—What do you assess the in-kind as being?

Mr Skeat—Again, we do not have those figures in front of us but we believe it is substantial.

Senator IAN MACDONALD—More than you pay in cash?

Mr Skeat—Yes.

Senator IAN MACDONALD—What has your experience been with MTSRF? I appreciate it is only a very new kid on the block, but has your experience so far been as good as the two CRCs it replaced?

Ms Chadwick—It is hard for me to comment because I was on the board of CRC and I am not on the board of MTSRF.

Senator IAN MACDONALD—Aren't you?

Ms Chadwick—No.

Senator IAN MACDONALD—Is anyone from your organisation?

Ms Chadwick—No.

Senator IAN MACDONALD—No wonder you are not giving as much money as you used to.

Ms Chadwick—That would be churlish of me to take such an attitude.

ACTING CHAIR (Senator Bartlett)—I would like to clarify that there is legislation coming through later in the year to deal with flow-on consequences from the review. Is that still a work in progress? Are you still being consulted with that about how that is all going to work?

Ms Chadwick—Yes. The department, DEW, has set up a review implementation task force, and we are working cooperatively with them. It is my expectation that there will be some amending legislation that will go into the parliament shortly and, if that is successful, we will be in a position to make the transition from the application of one act to another in terms of our financial responsibilities and our accountabilities. I am expecting that the change from the CAC Act to the FMA Act will take place on 1 July this year.

Senator IAN MACDONALD—Will the legislation be through by then?

Ms Chadwick—I have no control over parliament.

Senator IAN MACDONALD—You cannot do it unless the legislation is passed.

Ms Chadwick—That is right. The thinking at the moment is that some of what we could call the iconic changes to our legislation will take place first and it would be our hope that they would be in place by 1 July, but that is in the hands of the parliament and, therefore, more detailed consideration can be given to the range of other issues that were endorsed by the cabinet.

Senator IAN MACDONALD—Apart from transferring the accountability from the CAC Act to the FMA Act, what practical difference will we note in the management of the marine park?

Ms Chadwick—Our board will change; it will increase slightly. The consultative committee will change to an advisory board that will be representational and will be serviced by the department and not by GBRMPA. A whole range of actions, some of which need legislative amendment, were set out. It is my hope that, while there will be significant changes in the way we do business, the review of a 30-year-old act will be to the benefit of not just GBRMPA but also transparency for the community and alignment with some of the policies

and practices of the broader environment portfolio, and that is a good thing. I am expecting nothing but good to come from this.

Senator IAN MACDONALD—This is not a fair question to you, but are you anticipating that the powers of the board will be similar to what they are now?

Ms Chadwick—Yes.

Senator IAN MACDONALD—Perhaps that is not a fair question. I guess the powers of the board will be in the legislation and this committee will be carefully reviewing the legislation and, if the committee does not like it, perhaps it will not happen by 1 July, in which case do not hang up your boots. You might have to continue on in your current form for a little while longer, but that is work in progress for all of us.

Ms Chadwick—Indeed.

Senator IAN MACDONALD—That is probably something I cannot ask you any more about.

ACTING CHAIR—Can I assume from that that the legislation will be appearing very soon?

Ms Chadwick—It is my expectation and, I believe, the department's hope and expectation that that will be the case.

ACTING CHAIR—Thank you. I call Mr Bailey and officers from the Sydney Harbour Federation Trust.

[5.20 pm]

Sydney Harbour Federation Trust

ACTING CHAIR—Senator Wong, do you have some questions?

Senator WONG—Thank you. Mr Bailey, on your website, under North Head projects and activities—I think this is you, is not it—I note a reference to the royal carriage construction?

Mr Bailey—More or less it is me, yes.

Senator WONG—Well, your organisation, I should say.

Mr Bailey—There is a reference to the construction of the carriage on our website, yes.

Senator WONG—Can you tell me how the trust came to be involved in this project?

Mr Bailey—We were approached by a gentleman by the name of Jim Frecklington in 2004 to license a shed in the artillery school on North Head for the purpose of completing the construction of a carriage.

Senator WONG—To whom was that approach made?

Mr Bailey—It was made to someone in our property branch.

Senator WONG—Just an officer?

Mr Bailey—Just an officer in the trust, yes.

Senator WONG—What is your governance structure? Is it a board?

Mr Bailey—It is a board. We are a CAC body under our own enabling legislation, and we have a board of trustees.

Senator WONG—Did that matter go to the board?

Mr Bailey—No, it did not.

Senator WONG—It was made at an officer level, was it?

Mr Bailey—It was a minor licensing matter for, at that time, six months.

Senator WONG—Was there any funding associated with that?

Mr Bailey—There was a licence fee payable by the tenant to the trust.

Senator WONG—I am sorry?

Mr Bailey—There was a licence fee payable to the trust from the tenant but otherwise there was no fee.

Senator WONG—Initially for six months, but that expanded, did it?

Mr Bailey—It has been extended.

Senator WONG—Extended until when?

Mr Bailey—Well, he is still occupying that shed so that is now two years.

Senator WONG—At any point has this been considered by the board?

Mr Bailey—Formally, no. The board is aware that this tenant is occupying the shed.

Senator WONG—Subsequently there has been no further funding? It is just the licensing of the shed, is it?

Mr Bailey—There has never been any funding by the trust towards the tenant. The only money that has changed hands is from the tenant to the trust for—

Senator WONG—Yes. I am just clarifying that that is still the case in terms of any financial arrangements.

Mr Bailey—Yes.

Senator WONG—There was no contact with anyone from government at all in relation to this project?

Mr Bailey—No. We have had no contact.

Senator WONG—I presume you are now aware of the \$250,000 being paid towards this particular project?

Mr Bailey—I am not aware of the details, but I am aware that this has been subject to some—

Senator WONG—Okay. Was this a matter that the trust became aware of prior to this matter becoming public?

Mr Bailey—No.

Senator WONG—So you were not asked to advise or to support the application or anything like that?

Mr Bailey—No.

Senator WONG—The funding application was not discussed by the board to your knowledge?

Mr Bailey—The funding application was not discussed at any level within the trust.

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

ACTING CHAIR—Does anyone else have questions for the trust? Just before you go, can you update me on how much longer you have to go now in your existence before the planned handover?

Mr Bailey—We are halfway through our formal existence. The sunset clause in our act takes effect in September 2011. We have had five years and we have five to go. We are on target to complete all the projects within the plan within that time frame, with the exception of HMAS *Platypus*, which is in the process of being transferred to us, as well. That was not contemplated in the original plan. We are still working through the timetable for that.

ACTING CHAIR—The proportion of your funding coming from your own activities, including the Markham Place sell-off, seems to continue to trend upwards, for want of a better term, over time. I did try to check it again in your annual report. I just grabbed it. You do not have any automatic requirement to have a certain percentage of non-government funded—

Mr Bailey—We do. Our funding is in two components. There is a departmental or operational component and the capital component. The capital component has been trending up and I think peaks next financial year at around \$22 million. It is \$21 million this year. The departmental component has a sort of sinking lid that has been reduced annually. This year it is, I think, in the order of \$1.6 million, and next year it drops to half a million. The trust is supplementing that with revenue it generates from leases and licences such as those we have just been discussing.

ACTING CHAIR—As that departmental funding drops, if you are not able to generate other funds, you would just have to work within what is available?

Mr Bailey—That is right.

ACTING CHAIR—With the handover at the end of it all to the state government, if I remember rightly, does that have any money aspect to it or they just get all of it?

Mr Bailey—No, there is nothing. The act is silent on the topic, and there have certainly been no discussions with New South Wales at this stage. The wording in our legislation obliges us to transfer ‘the suitable lands to New South Wales for inclusion of the parks and reserve system’, and those terms are all undefined in the act. That is a debate we are yet to have.

ACTING CHAIR—There is just one other point which I sensed from reading your report when it came out last year, and I just wanted to ascertain whether my sense was a reasonable one or not. I do appreciate the difficulties of it but I almost got the sense that the engagement in terms of the Indigenous heritage side of things had not been as expansive as might have been desirable. Is that a reasonable impression?

Mr Bailey—That is a reasonable impression. Our trust includes a gentleman who represents Indigenous interests, Dr John Moriarty. I think that is a sense that we all share. At the last trust meeting—there was one today, in fact, but the previous one to that—a policy was put forward to expand the trust’s level of activity in interpretation and engagement with the Indigenous community. Can I say that it has not been for want of trying for some time, but we have had a variety of consultative committees involved particularly with the Metropolitan and Aboriginal Land Council in Sydney. Due to changes in personnel and a variety of related difficulties, we have been unable to get much traction.

ACTING CHAIR—Well, I guess in the context of these hearings anyway, there is an indication that you are aware of that and it sounds like your trying to continue to improve.

Mr Bailey—Yes, we are. I think generally there is a lot of enthusiasm for incorporating Aboriginal interpretation, in particular, on these sites, but we need to really get cracking on it. Can I also say that interpretation, or the display material in general, has been put to the latter part of the project because it is something that I guess comes once the historic sites have been rehabilitated and conserved and are open to the public. It is one of those things that does tend to come down the line a bit. It is certainly something that we need to get on to now.

ACTING CHAIR—Do you have any figures—they are probably in your report, but perhaps not—on visitation numbers in the various locations now?

Mr Bailey—We do not have figures in the annual report and we are only just starting to count in an orderly way. We are starting to put electronic counters on the various tracks. I may be wrong and there may be reference to one or two tracks but, across all the sites, we do not have overall figures.

ACTING CHAIR—Is it something we would probably get in a year or so?

Mr Bailey—Absolutely. In the case of, say, North Head, we are about to open that permanently to the public so we will install counters at the various thresholds to that site. We are also about to open Cockatoo Island, and by ‘about’ I mean within the next two months. Those sites, which until now have only been accessible through guided tours, open days and controlled access, will now be permanently open. They will both have small visitor centres and interpretive material on them and so forth. There will be a much more reliable means to calculate or count numbers.

ACTING CHAIR—So Cockatoo Island is about ready to shift to regular daily visitation rather than special event status?

Mr Bailey—Exactly, for a ferry ticket, you will be able to go there at any time without any other cost.

ACTING CHAIR—Thank you for that.

[5.33 pm]

Office of Renewable Energy Regulator

CHAIR—I welcome officers of the Office of Renewable Energy Regulator.

Senator WORTLEY—Can you tell the committee the current status of the Mandatory Renewable Energy Target? What is the current installed capacity of renewable energy?

Mr Rossiter—The current status, as near as we can determine in terms of gigawatt hours that are installed, is about 6,400 in annual generating capacity. We do not work in terms of megawatts; we work in generation output because the target is in those terms.

Senator WORTLEY—What percentage of total electricity generation is currently provided by renewable energy?

Mr Rossiter—We do not keep statistics on total electricity generation. We keep statistics on liable electricity, which is a subset of that.

Senator WORTLEY—Does that mean that, moving into my next question, you would not be able to provide the answer to what percentage of total electricity generation was provided by renewable energy when MRET was first established?

Mr Rossiter—We do not know that.

Senator WORTLEY—Are you able to find that out? Do you actually have the information? Is it just a matter of researching to find out?

Mr Rossiter—In the original development of the measure, those numbers were estimated and they are in a working group report. We now know they were estimates. There was no accurate information at that time.

Senator WORTLEY—Would we be able to have the estimates then? Would you be able to take that on notice?

Mr Rossiter—I think they are still available on the Greenhouse Office website.

Mr Morvell—The information you are seeking is available, I believe, on our website, but we can certainly provide it to you. At the time they were estimates of what the generation would be.

Senator WORTLEY—Could you provide that for me?

Mr Morvell—We can certainly provide that.

Senator WORTLEY—Thank you. What percentage of total electricity generation is likely to be provided by renewable energy by 2010?

Mr Rossiter—We do not keep that information.

Senator WORTLEY—Are there plans to keep that sort of information, or is there some other agency that would keep that sort of information?

Mr Morvell—I will give you an idea of the projections. With the growth in demand for electricity and, therefore, the generation that has occurred since this measure was introduced some years ago, the 9,500 gigawatt hours approximated two per cent of the market at that time. In 2020, because of the growth of the generation, it is likely to constitute about one per cent.

Senator WORTLEY—It will reach one per cent by 2020.

Mr Morvell—That is what the measure we deliver—

Senator WORTLEY—Okay.

Mr Morvell—It will deliver the same amount that the government always intended it to deliver. However, as a percentage, because of the growth in the size of the market, it will—

Senator WEBBER—What do we measure the target against then, and how do we know that we have made it?

Mr Morvell—The target was 9,500 gigawatt hours, and that is what would be measured.

Senator WEBBER—That is just static and it does not matter?

Mr Morvell—That is correct.

Senator MILNE—When will that be achieved? That is what we are trying to establish.

Mr Morvell—It was to be achieved by 2020.

Senator MILNE—Yes, but when will it be?

Mr Morvell—2010, and maintained until 2020.

Senator MILNE—What is it now and when do we expect 9,500 to be achieved?

Mr Morvell—On our current projections it will be achieved by 2010.

Senator MILNE—And what is it now? What is the current status?

Senator WEBBER—Where are we now?

Mr Morvell—I do not have the figure of what it is currently. The market is in the state now where a lot of the capacity required to meet the target in 2010 is actually being constructed.

Senator MILNE—Exactly.

Senator WEBBER—So, the capacity for the future is being constructed, but we do not know where we are at now?

Mr Morvell—I do not have those figures.

Senator MILNE—Can you get them?

Senator WEBBER—Can you take that on notice?

Mr Morvell—We can get you some figures on what it is as of right now.

Senator WEBBER—Because it is very hard for us to be confident if we are going to meet the target if we do not know where we are at now, because we only have three years to go.

Senator MILNE—Yes, but the likelihood is that we are close to achieving it now; that is the whole point?

Mr Morvell—That is correct, yes.

Senator MILNE—We would like to know where we are up to against 9,500 gigawatt hours right now.

Mr Rossiter—The 6,400 gigawatt hours that I referred to earlier is our best estimate of what is currently installed towards the 9,500 gigawatt hours. The target for this year is 5.6 million, which is 5,600 gigawatt hours, so we are well ahead of that target at this stage.

Senator WORTLEY—Thank you.

Senator MILNE—I would like to know how many of the RECs are produced from solar hot water systems.

Mr Rossiter—At the current stage about a fifth of them come from solar water heater systems.

Senator MILNE—Have you done any tracking of the investment in renewable energy and whether it is increasing or decreasing from when the MRET was first introduced and became operational?

Mr Rossiter—We have some information on that. Around \$3.5 billion has been invested. I think the amount that was being invested when we started was very much more than that, but I do not have that information.

Senator MILNE—Do you have a graph that trends that against the installed capacity?

Mr Rossiter—No, I do not.

Senator MILNE—Have you got any trend or any information about the decreasing level of investment?

Mr Rossiter—When you say decreasing, that is the cumulative total to date, so you mean the annual rate at which it is decreasing?

Senator MILNE—And the projections, yes. Instead of talking in riddles, basically MRET was introduced and there was a huge rush of investment in renewables. Because we were reaching the 9,500 gigawatt hours long before it was anticipated that we would, the investment has dropped off. What we are asking for is the figures that demonstrate that. Do you keep those figures?

Mr Rossiter—We do not keep those capital costs. We estimate some numbers around that as we go along from the proponents. We do not have full information. We have no statutory power to collect it.

Senator MILNE—Do you have year by year estimates from when we started with the investment in renewable energy and when MRET was implemented until now?

Mr Rossiter—We have estimates as at this moment, yes

Senator MILNE—Can you provide those, please?

Mr Rossiter—I think we probably can, yes.

Senator MILNE—And do you have projections?

Mr Rossiter—No, we do not have projections at this point.

Senator MILNE—What proportion of the RECs, those known as the dead koala RECs, are from forestry waste?

Mr Rossiter—I do not have any category that is dead koala RECs.

Senator MILNE—All right, forestry waste.

Mr Rossiter—We have wood waste as a category but that has within it forestry waste. I presume you mean native forest waste? At this stage there are zero in native forest waste renewable energy certificates.

Senator MILNE—So what proportion are wood, then?

Mr Rossiter—There are around three per cent at the current generation.

Senator MILNE—What is the price today of the RECs and how is the price trending? Can you tell me what it is today?

Mr Rossiter—The latest I have on the spot market is a different price from what we have on the bilateral market. We have got two markets here. The spot price, which we believe is the smaller proportion of the market—we are not sure how much, but we have people saying to us it is 20 per cent of the market, representing maybe solar water heaters—is around \$17. What is happening on the bilateral market—that is where you have a long-term contract between two parties, somebody who has developed a renewable energy source and probably somebody who is a liable party—we do not get direct information on that. Occasionally people proffer us information on it, but it is very limited information. Prices in that market are probably in excess of \$30. We are not sure what the full numbers are there, we just hear individual numbers.

Senator MILNE—What has been the trend since the implementation of the MRET on the REC price?

Mr Rossiter—The REC price is rather like any market. It is a supply and demand market. It was anticipated the market would have, early on, a big capital investment because that is the cheapest way forward with renewable energy certificates. The Tambling report was very clear on that and the prices matched that supply and demand. The price was initially around \$30, \$35 or \$40; it has come down from there to around \$25. It has gone down even lower than that and is now on a trend upwards to around \$17 on the spot market. On the bilateral market we think the prices have been much more steady. We think they probably have been in the range of \$30 to \$40 most of the time the measure has been running.

Senator MILNE—Can you provide any documentation of those price trends to us?

Mr Rossiter—There is third-party information available through various sources. I guess we could provide that information on the basis that the sources may be happy to provide it. These are market—

Senator MILNE—I understand that, but what we are trying to understand is the reflection of the price of RECs in relation to the period of MRET and the progress towards the 9,500 target.

Mr Rossiter—We could get that information for the spot market but we would not be able to get it for the bilateral market.

Senator MILNE—If you could provide it even for the spot market I would appreciate that. Have you done any projections on what proportion of electricity will be renewable by 2020 assuming no change in policy?

Mr Rossiter—We only deal with the additional part that this measure has in place. The additional part by 2010 is as far as we have projected at this stage. We estimate it at somewhere around four per cent to 4.2 per cent, somewhere in that region.

Senator MILNE—So you are saying that by 2010 four per cent of electricity will be renewable.

Mr Rossiter—That is the existing component, which presumably is remaining roughly the same as it was when we started.

Senator Abetz—Like Tasmania's hydro scheme.

Mr Rossiter—Yes.

Senator MILNE—Have you done scenarios looking at what changes would occur to that if you were to change MRET?

Mr Rossiter—No. We do that for the purposes of trying to work out what the renewable power percentage is each year so that we can work out roughly what resources we need in the office. We have been projecting for that purpose.

Senator MILNE—In terms of going back to the beginning of the MRET since its implementation, the original question that my colleague Senator Wortley asked you was about the proportion of electricity produced from renewables. It seems to me from what you are saying that that would give a reasonable projection from where we were to where we will be in 2010. If you can do that to 2010, you should be able to do it to 2020. Can you provide that to us?

Mr Rossiter—The numbers are very dependent on projections of growth. I have to project my budget—

Senator MILNE—Let us have some scenario planning on growth and then percentage of renewables under the current MRET scenario and under other MRET scenarios. Did you model that for the Tambling inquiry?

Mr Rossiter—We are not involved in that aspect of it. We administer. We do not deal with the policy aspects, so we do not do modelling of that nature. I do it for my budget purposes; that is all.

Mr Morvell—The Tambling review did some modelling, which was publicly released along with their report, and within the department we did produce a number of scenarios for the government. They were not publicly released; they were internal advice we gave ministers on various scenarios that arose out of the Tambling review.

Senator MILNE—Those scenarios have never been made public.

Mr Morvell—That is correct.

Senator MILNE—Minister, will you make them public?

Senator Abetz—I will take that on notice.

Senator MILNE—Thank you. One interesting aspect of the RECs and the projected forecast and pricing is the impact of the proposed Gunns pulp mill in Tasmania. Are you aware of the claims being made by Gunns about the RECs?

Mr Rossiter—I am aware that there are some claims made, but I am not sure of the full details to which you are referring.

Senator MILNE—Has there been any analysis by the Office of the Renewable Energy Regulator about the impact on the price of RECs if that amount of energy was made available from that pulp mill project?

Mr Rossiter—No. We do not analyse the markets. The market is an independent market. We deal with creation of certificates and surrender; the price aspects in between we do not analyse.

Senator MILNE—So you have not done any analysis of what impact the claims made about the project and the RECs will have on the market?

Mr Rossiter—No, we have not done any analysis on that. It is because it is a price issue and we are not involved in price issues.

Senator WEBBER—Just going back to the target: I am not asking what the advice is, but have you provided any advice to government on when you think we will reach the target?

Mr Rossiter—Each year we produce an annual report which indicates how we have performed to the target. So the target has been met. The interim targets have been met.

Senator WEBBER—Yes, but have you provided any advice to government on when you think we will get to the 9,500, or does government just get as much information as is in the annual report and it is still going to be a nice surprise?

Mr Morvell—The department has provided advice to the minister, based on the information from ORA and our discussions with the industry, about when the target is likely to be met in terms of investment, and that is around about the coming year.

Senator MILNE—Around about the coming year.

Mr Morvell—The year 2008. It is impossible to predict a particular point of time when that would occur, but for some time the industry have been telling us and the minister that that investment target would be met around the year 2008. The information that we have from ORA and the advice from industry we have combined to provide advice to ministers along those lines.

Senator MILNE—So given that we will meet the target well ahead of the date that we are meant to be meeting it, what advice can you provide us in terms of the trend, as I asked before, in level of investment in renewables?

Mr Morvell—I think it is clear that, once the investment that is required to meet the target has been achieved, a fall-off in investment is most likely to occur. I say ‘most likely to occur’ because there is no direct evidence that it will occur and, in fact, there are a range of other things that both the state governments and industry are doing generally, both within Australian markets and overseas markets, which would make it less clear that there is going to be a complete fall-off in investment as has been claimed by a number of people. We have provided advice to ministers along the lines that we could anticipate some decline, but the nature of it is just too hard to predict at this particular point.

Senator WEBBER—That would be within the next 12 months unless there are some alternative policy decisions taken by government.

Mr Morvell—There are alternative policies in place, and I think that is the difficult bit to give you a very clear, definitive answer. There are alternative measures in place, as I said, both by state—

Senator WEBBER—I am talking federal. I am not talking state. I am not aware particularly of what my home state, Western Australia, gets up to.

Mr Morvell—But the renewables industry in Australia works in a national electricity market which involves both the states and the federal government, so they are not independent of each other.

Senator WEBBER—To a certain extent we are independent in the west. It is a bit hard for us to be national because we are so far away.

Senator O'BRIEN—I just wanted to see where the best source would be of the breakdown in renewable energy sources in that 6,400 gigawatt hours that you mentioned earlier as a current contribution to MRET. What is the best source to find out how that is broken down—how much wind, how much hydro et cetera?

Mr Rossiter—Probably the best information that you can get is the internet based registry that we operate. It is a website available for anyone to look through it.

Senator O'BRIEN—Is it real time?

Mr Rossiter—It is real time. It will tell you the breakdown by whatever class you want to look at. You can break it down by state. You can break it down by generator. You can break it down by year of generation or year of creation. It is a fairly powerful database.

Senator O'BRIEN—Where would I find the best information about projects which are under construction with an expected time of completion—of coming online?

Mr Rossiter—On that same website we have applications that we have received. They are listed as applications. It is a public registry for that purpose. That was the intention of the act. That tends to be a very short time horizon, so that might be in the next six months or so. Further information would have to be sourced from the industry and industry literature, and so on, such as the Wind Energy Association and the Business Council for Sustainable Energy. They would have that kind of information.

Senator O'BRIEN—Would I have to go into your internet site, break down each project and then ascribe them to particular types, or is that done on the website for me?

Mr Rossiter—You can sort by whatever information that you particularly want—for example, by fuel source or year of generation. When I say 'fuel source', I mean wind, hydro or whatever.

Senator O'BRIEN—And proportions?

Mr Rossiter—By state if you want it. You can find those. They are individual certificates and it searches by that database technique.

Senator O'BRIEN—I will have a look at that and, if it does not give me what I want, I will give you some questions on notice.

Mr Rossiter—Some of that information is in the annual report that we produce each year.

Senator MILNE—Mr Morvell, you said a moment ago that it was unclear to you about the trend in investment and yet we have had Roaring 40s saying they went to China because of MRET not being increased. We had Vestas saying that they are pulling out of Tasmania because of that. We have Solar Heat and Power going to the United States. That is hardly

anecdotal. That is a matter of fact, where the companies have said themselves that this is the case. How is it that you can say to us that you are not sure whether that is going to mean a lesser investment or not because of such a low target?

Mr Morvell—I did mention a decline in investment. What I said was that it would be difficult to tell the extent of that decline because there are a whole raft of other factors in place. There are some companies that have gone offshore. Some of those companies have gone offshore for very good investment reasons. There are far bigger markets in other countries to play in than would ever be in place in Australia, even if you maximised the amount of renewables. So, some companies are exploiting that and they will exploit that very well. From the government's perspective that is the way our economy works. Australian companies, whether they are renewable or any other form of company, do invest overseas. In playing in bigger markets overseas, one of the hopes of everyone, not just in Australia, is that some of the cost of these technologies will come down through that learning experience. It would be impossible for some of the technologies to get that scale in Australia.

Senator MILNE—I appreciate the issue of scale and the size of the markets, but equally, the cost of comparative power is still relative and similar to here. What is the MRET in China?

Mr Morvell—There is a renewable energy target of 20 per cent by 2020, I believe.

Senator MILNE—That is right—20 per cent by 2020. That is a fair incentive. What is the incentive in California, where Solar Heat and Power has gone?

Mr Morvell—I do not have the detail of that, but there is a feed-in tariff arrangement in California, which provides quite a significant incentive for renewable energy.

Senator MILNE—From what you are saying, it is clear that it is not only the size of the market, but there is a substantial policy framework incentive for investment in renewables?

Mr Morvell—That is correct, and the reason some of those incentives are in place in many cases is not to do with climate change and the need to bring in lower emission technologies, which is the major incentive for Australian government policy. In China, in particular, they are dealing with the reality that they have an incredible growth in their demand and they are coming off a very different energy market than we would ever see in Australia, because they do not have the national grid that we have across all of China. They have a very large proportion of rural Chinese off-grid, and therefore they have capacity to meet about 20 per cent, dealing with their off-grid systems and not even touch the on-grid systems. Some of the reasons for doing things are very different in each country, and, unfortunately, that means for some companies there are better opportunities to operate overseas.

Senator MILNE—Regardless of why people do it, the point surely is that, if you introduce market mechanisms of that kind, you generate investment?

Mr Morvell—That is correct.

Senator MILNE—And, by having a low target, you do not generate investment?

Senator Abetz—That also impacts on the cost of the power generated.

Mr Morvell—Just a correction: I have just had a note passed to me that China has recently revised its target to 16 per cent by 2020, which I was not aware of until right now.

Senator MILNE—It also has a 20 per cent target for reduction in energy intensity.

CHAIR—We thank you for appearing today. After dinner we will see the Director of National Parks and Parks Australia Division.

Proceedings suspended from 5.58 pm to 7.02 pm

Parks Australia Division

Senator MILNE—Can you tell me what monitoring you have been doing of climate change impacts in Kakadu, particularly saltwater incursion into the wetland and what projections your research is showing about that?

Mr Leaver—Apart from our own work, there has been previous work on that very issue. There is a great deal of concern about the incursion of saltwater into the magnificent Kakadu wetlands. The Kakadu wetlands vary between 0.2 and 1.2 metres above sea level. There is already evidence that there is saltwater incursion in the north-east area of the park. That is evidenced by the spread of mangroves, the death of freshwater reed species and the death of paperbarks. It is happening. It is not only evident from research that we are party to but also from anecdotal evidence from traditional owners. The impact of sea level rise is of enormous concern for Kakadu and its world heritage-listed wetlands. Along with the other wetlands of the Northern Territory, this would have to be one of the hotspots for climate change.

As well as those various research projects and the monitoring program, the Australian Greenhouse Office, in conjunction with Parks Australia, has commissioned a report that is looking at our general marine and terrestrial reserves, including Kakadu, looking at the potential impact of climate change and implications for about the 2030 and beyond time frame. It is mainly a review of the existing research and the extensive amount of information that has been collected in Kakadu over the years. There is the enormous work, for example, of the Office of the Supervising Scientist on baseline monitoring and assessments. That will be a key part of that report. We are up to the draft stage of that report. We have just received it. It is due for final presentation in late March. At the moment that draft has been circulated to the various parks for comment. It is looking at biodiversity, including species and ecosystems particularly vulnerable to climate change, socio-economic values, cultural heritage and implications for management structure and visitation.

Senator MILNE—Given the work that you have already done and the on-the-ground impacts that your field officers are reporting, what allocation of funding do you have to build resilience? What can you do and what are you doing to try and build resilience in the wetland?

Mr Leaver—That is the issue, of course. There are no specific projects in mind. The scale of the problem is almost beyond belief. The notion of actual physical intervention structures in a landscape that huge is simply impractical to even contemplate. I imagine the management implications would be very much adaptation rather than thinking that Kakadu can be sequestered against the general impact of climate change in the Northern Territory in general. That is a key part of that report, and certainly our considerations of that report go to what practical adaptation can be done in view of a seemingly inevitable process.

Senator MILNE—Will that report consider the sea level rise projections of IPCC with regard to a sea level rise of, say, up to a metre?

Mr Leaver—Yes, it is looking at the full range of scenarios.

Senator MILNE—You said that report will be due for publication in March?

Mr Leaver—Yes, we have a draft on schedule and it is currently being circulated to the parks for comment. We will ourselves have a major input into the adaptation end of the project.

Senator MILNE—Notwithstanding whatever adaptation measures might be taken given that you have got the draft report, are there any species that are facing extinction?

Mr Leaver—A whole suite of species have already been identified through previous research that are under threat. Of course, that is not helped by other major environmental perturbations such as cane toads and weed problems. I cannot reel them off the top of my head, but I could certainly supply you with information we have got on what species are under threat.

Senator MILNE—In terms of other problems that undermine resilience, I particularly wanted to ask about weed incursion in Kakadu, in particular some of the invasive grasses that the Northern Territory is battling or promoting, whichever way you wish to look at it. Can you give me a sense of your management regime for some of those invasives?

Mr Leaver—The management is very much focused on key major weeds that have the potential to alter considerably the biological landscape, in particular the mimosa program. As you know, you could never hope to eradicate these things. The best you can do is to control them to the level that they do not cause widespread environmental damage to the broader ecosystems. The mimosa program has been going for many years. There are dedicated mimosa teams that pounce on outbreaks. It is one of the few success stories in invasive weeds in Australian national parks. The other major problem is salvinia, particularly in the Yellow Water wetlands. That has emerged and at the moment we cannot say it is under control. A great deal of effort has been spent on trying to control it, but certainly we cannot say with confidence at this stage it is under control.

Senator MILNE—In relation to weeds, are you doing any work with the weeds CRC or have you been working in conjunction with the weeds CRC in relation to those and other weed incursions in Kakadu?

Mr Leaver—We are developing a close relationship with the Northern Territory weeds people and those tertiary institutions that are able to assist in the project. As you would know, the boundary is merely a survey boundary. Kakadu is not isolated from the Northern Territory environment and our problems are their problems. We are hoping to work fairly cooperatively with the Northern Territory on this and other matters.

Senator MILNE—Given that the weeds CRC is to wind up next year and there is no replacement, and the Defeating the Weeds Menace program is winding down, have you received any compensatory allocation of funding to try and address the weeds incursion?

Mr Leaver—Not as a supplemental element of funding. Kakadu did receive supplemental funding in relation to the government's decision to no longer have entry fees in the park. We thought that was a significant boost to the management of the park not only for visitor facilities and services but also for wider park projects. That supplemental funding is not only

directed towards weeds but the other critical park management problem areas. That was not specifically targeted for weeds, it was supplemental funding for the park. It has been warmly received by the park management.

Senator MILNE—You mentioned a moment ago that you do not have the water weed under control. Is it feasible with additional resources that you may be able to at least hold the spread?

Mr Leaver—You would have to be fairly pessimistic. *Salvinia* is one of those ghastly species that just a mere shred of it caught on a boat propeller can start a totally new infestation. Some of the control measures you would also have to be particularly concerned about, particularly the use of herbicides in those wetland environments. It may be yet another sad story in Australia's sad story of weed invasion; yet again something has overwhelmed us.

Senator MILNE—In terms of the cane toad?

Mr Leaver—I would hardly draw breath from my last comment. Yet again a major invasive species into Australia, right across the north of Australia. There has been a continuing litany of impact of introduced animals on to our environment. There are very few success stories. One I was involved in was rabbits. That was a great source of pride, but the control of these other pestiferous species is very problematic.

Senator MILNE—Given what you are saying, we have saltwater incursion, with projected severe threat to species if not driving some to extinction. We have serious invasive problems with both animals and plants. In terms of management of the park for these serious threats, is your monitoring adequate to at least provide a sense of what is required?

Mr Leaver—Parks had taken its monitoring very seriously over the years. No national park can effectively even discuss these issues if you do not know what is there and what is happening to it. The Kakadu monitoring program has always been an important part of the day-to-day activities of that park, and those various elements that I have described have been and will continue to be monitored as a high priority.

Senator MILNE—Given that your monitoring is revealing the extent of the problems, obviously your resourcing is constraining the capacity to address those problems?

Mr Leaver—No, I am not sure you are right. You could have 100,000 rangers and it would not solve the problem of cane toads. Some of these things are just overwhelming in terms of their impact, their capacity to breed, their capacity to move and their capacity to reproduce. A lot of these issues are not resource issues, they are just the realities of contemporary park management faced with these issues. In terms of mimosa—it would be one of the great tragedies of park management to see that program cut back, because all the investment in that over the decades would then be thrown out the window. The notion of actually prioritising and building on your previous hard work I think has been the priority for Kakadu and will continue to be so.

Senator MILNE—So the mimosa program is not under threat?

Mr Leaver—No, that is just a priority program. A lot of other core park management programs would stand behind the mimosa control. You would just throw the money away if you did not do it.

Senator MILNE—What is the monitoring revealing with regard to leakage from the mine sites within the park, particularly Ranger?

Mr Leaver—The one who could have answered that, of course, is the Office of Supervising Scientist. As I said, I am acting director of parks, so I am not involved in that on a day-to-day basis. But my presence in the department listening to that office talk about that issue from time to time leads me to have a great deal of confidence that whatever other debates are surrounding that mine the matter of leaking into the floodplains of harmful levels of radionuclides is not an issue.

Senator SIEWERT—Turning to Christmas Island, I appreciate that some of these questions may go to the approvals branch and some may also belong in territories, but I will start here and work my way around. Firstly, have you looked at the issues around the pipistrelle bat? I understand that it has been recently listed as critically endangered and that its principal habitat is now an area that is listed for mining but which has regrown. It is just coincidence now that this critter is using this previous mine site. Has Parks North raised that with the broader agency?

Mr Leaver—Yes. My answer will rapidly deplete my knowledge of the subject matter. It is the subject of a recovery plan being prepared by the broader agency. It has been listed as endangered under the EPBC Act and a national recovery plan has been adopted. The listing was upgraded to critical in September 2006. The recovery plan is aimed at, firstly, improving the knowledge about a very poorly understood creature and its ecology and the reason for its decline. The implementation of research from the Arthur Rylah Institute in Victoria commenced in December 2005, and the park staff are also undertaking ongoing monitoring. Some roosting boxes have been installed in May 2006 under the intuitive feeling that the bat's decline is mostly to be the shortage of roost sites that are safe from predators. You have now exhausted my knowledge on the subject. Could I suggest either a question on notice that I could follow up or the approvals and wildlife people.

Senator SIEWERT—I have already written to the minister about it and have not received a response. As I understand it from some of the locals, the area of their now principal habitat is listed for mining in the near future. Because it is a previously mined area, it comes under a different process from the other environment assessment under way for the broader extension of the mining. There is a sense of urgency there. That is why I am raising it now rather than waiting for a response to the letter I have written.

Mr Leaver—I am aware of the issues from discussions in the department. Perhaps later on you could raise it with those who would be aware of where the mining lease issue, the environmental impact statement and other issues are up to.

Senator MILNE—Still on Christmas Island, what is the status, as far as Parks is aware, of the current assessment on the mine?

Mr Leaver—Again, from talk in the corridors, I understand it is up with the minister, as part of the process. It is up for a decision. But beyond that I do not know.

Senator SIEWERT—How long ago did—

Mr Leaver—I do not know.

Mr Borthwick—If you direct those questions to the Approvals and Wildlife Division when they are up, they will be able to tell you exactly where Christmas Island is.

Senator SIEWERT—I will come back to rehabilitation. As I understand it, that is in Parks. In fact, I have asked previously about this. Has further assessment of the rehabilitation trials been undertaken?

Mr Leaver—I am sorry, I have no information on that. I would have to take that on notice.

Senator SIEWERT—Can you take that on notice? I understand it is under the Park's bailiwick. As I said, I have asked before and I am seeking an update on the department's evaluation of the current trial.

Mr Leaver—Yes. I would be pleased to do that.

Senator MILNE—I have a question about the crazy ants on Christmas Island. I understand that initially there was quite substantial success with the baiting program. What is the current status of the crazy ant problem in terms of control or otherwise, and what are your current financial allocations for dealing with it?

Mr Leaver—The control of crazy ants has dominated the national parks activities over the years—since 1998. It has been an agency priority ever since. In 2000, in collaboration with Monash University, we prepared a crazy ant control program, and it includes an ARC grant and NHT grants of \$1.1 million, and Parks Australia funds of \$1.5 million. To date 3,500 hectares—24 per cent of the island—have been successfully treated by hand and aerial application of Fipronil insecticide. It is poisonous to some non-target species, particularly crabs. Parks Australia is currently working with the manufacturers to develop an ant growth regulator to replace that particular pesticide. At the moment the ongoing program is just part of the budgetary process. We have put in our bids along with everybody else, and we will have to await the outcome of the budgetary process.

Senator MILNE—That is what I am trying to understand. There was a baiting plan for a period of time. Are you saying that that has finished and you are now applying or do you apply year by year for this?

Mr Leaver—No, it was a lapsing program and we are now applying for the recommencement of the program.

Senator MILNE—That is what I am concerned about. So we have a situation where the program has lapsed and, if you do not get money for it, then we could well see the crazy ant population explode again.

Mr Borthwick—Without wishing to prejudge things with lapsing programs, as Mr Leaver indicated, crazy ants is a prime threat in this area. We have invested a lot of money in terms of controlling those super colonies. At least from not just Parks but a departmental point of view it would be intolerable if those super colonies got established and we went backwards on all of that good work. In other words, the sort of answer that Mr Leaver gave you on mimosa would apply with equal strength, if not more, in terms of crazy ants on Christmas Island. We will find a way of continuing to deal with it effectively.

Senator MILNE—What was the total value of the program that you have had in place since 2000?

Mr Borthwick—You will have to ask Mr Leaver.

Senator MILNE—There is a five-year program.

Mr Leaver—The advice I have is that, in 2000, Parks Australia collaborated with Monash University, as I mentioned. Funding to date includes grant, \$300,000; NHT grants, \$1.1 million; and Parks Australia's core funds of \$1.5 million. There is already an injection despite the budgetary response the secretary and I gave of \$400,000 from the Natural Heritage Trust just to keep the program moving. If you want a formal table of the money spent, I would be pleased to provide one.

Senator MILNE—I would like to have that and I would also like to know what bid you have put in for maintaining the program?

Mr Borthwick—That will be a budget in-confidence. But the key is the \$400,000 that we allocated to the director of national parks last year from the NHT because we wanted to sit on the problem; there was some evidence of the colony starting to expand. Because of that, and the lapsing program, we are pursuing that in the budget context. This will be an issue that will be tackled with all vigour.

Senator MILNE—Has there been a measurable change in the Abbotts booby population as a result of bringing the crazy ants under control or at least reducing the threat? I would be interested in the monitoring status of impacts on the Abbotts booby. You can take that on notice, if you do not know.

Mr Leaver—The comment I had from my staff is that the island's endemic reptiles and mammals are in decline, with at least six species either reduced to remnant populations or no longer recorded. The birds are faring comparatively well, although key endemic species such as Abbotts booby and the Christmas Island frigate bird remain at risk. I could put some more observations from monitoring—

Senator MILNE—I would appreciate the current state of play, particularly with those bird species. Thank you.

Senator SIEWERT—Can I go on to funding? Can you give us an update of how much funding is required for Australia to meet its obligations for park protection by 2012 for the NRS?

Mr Leaver—For the national reserve system?

Senator SIEWERT—Yes.

Mr Leaver—I would have to get back to you. There has been a review, as you are fully aware, on the national reserve system, and I would have to ask the national reserves people. I will take that on notice.

Senator SIEWERT—I would like what the figure is to meet the 2012 objective and what has actually been spent. I can then look it up, but it would be easier if I have both to compare. That would be appreciated. The other questions I have are to do with parks and marine.

CHAIR—That concludes the Director of National Parks. Thank you very much, Mr Leaver.

[7.27 pm]

Water Resources Division

Water Assets and Natural Resources Division

Senator WONG—Could you clarify for the committee subsequent to the 25 January announcement precisely what the arrangements are in terms of water policy and the movement in PM&C and so forth?

Mr Borthwick—I might start in terms of what the new administrative arrangements orders are. Responsibility for water policy and water programs comes to the Department of Environment and Water Resources.

Senator SIEWERT—Is that all water programs?

Mr Borthwick—Yes, all water programs. In terms of the movement of staff, that will involve the transfer of staff, including Dr Horne from the Office of Water Resources, to the department, which will be about 15 staff. It will involve the transfer of about 30 officers—and this has already occurred—from the Department of Agriculture, Fisheries and Forestry. The department already had around 60 officers already working in this space. There will remain a very small unit in PM&C, but that is just in keeping with PM&C's normal advisory processes, not just on water but defence and all others. That is a very small unit. All of the water functions that were undertaken in those departments have been transferred into the department. Over and above that, the National Water Commission becomes the statutory agency within the portfolio. But all of the existing functions that that agency followed for the Australian Water Fund and for overseeing the National Water Initiative remain as they were when they were attached to the Prime Minister's department. That is basically what has occurred. Those officers from Prime Minister and Cabinet and Agriculture, Fisheries and Forestry will all be located within the John Gorton building by the end of this month.

Senator WONG—Mr Costello and Mr Thompson are from NWC. Mr Tucker is?

Mr Borthwick—Mr Tucker is from the department, which coordinates policy matters. That is why I have him sitting beside me to poke me in the ribs when I need it. He is the chief whip.

Senator WONG—He is your right-hand man. Dr Horne was from the former OWR, was it—

Mr Borthwick—Office of Water Resources.

Senator WONG—in PM&C and he is a dep sec; is that right?

Mr Borthwick—Yes.

Senator WONG—That is for the Water Assets and Natural Resources Division, and the Water Resources Division; is that right?

Mr Borthwick—Yes, that is right.

Senator WONG—Mr Forbes and Mr Slatyer are from?

Mr Borthwick—They were already in the department. Mr Slatyer is running the—

Senator WONG—Water Assets and Natural Resources Division.

Mr Borthwick—And Mr Forbes has been transferred across from running the Natural Resources Management Programs Division to heading up the other water division within the department whilst it ramps up and gets running.

Senator WONG—When do you expect to be fully operational in terms of the restructure?

Mr Borthwick—We are fully operational at this stage. We are working at that. The PM&C officers will be moving later this week, and the DAFF officers across by the end of the month. To accommodate them we are shifting some existing areas of the department out of the department. We thought it was very important to get this function fully integrated into the department as soon as possible since we are amalgamating staff from three different areas of the bureaucracy, and those steps to move some other areas out of the department but close by are under way.

Senator WONG—Just while we are on the structure, is the Heritage Division where heritage policy will be dealt with?

Mr Borthwick—Yes.

Senator WONG—Does this mean an increase in deputy secretaries?

Mr Borthwick—It does.

Senator WONG—How many more?

Mr Borthwick—One.

Senator WONG—Only one. That is Dr Horne?

Mr Borthwick—Yes.

Senator WONG—Does Assistant Minister Cobb have any responsibilities, firstly, in relation to water?

Mr Borthwick—The allocation of responsibilities is a matter yet to be fully worked out between the two ministers in the portfolio and the Prime Minister.

Senator WONG—At this stage your department does not have any instructions for any part of your department or any program area to report to Assistant Minister Cobb?

Mr Borthwick—No, we have not.

Senator WONG—That is why, in terms of the chart on the website, there is this box just to the right without any lines associated with it?

Mr Borthwick—Exactly. I have not seen the website.

Senator WONG—It is on your website, I think. He is just connected to Mr Turnbull but not to anybody else.

Mr Borthwick—That just shows you how far ahead of the game we are in terms of our website. The allocation of responsibilities between the two has not been finally settled. I think the ministers want to get a good feel for the department first, both being new to the department, before determining that.

Senator WONG—How many first assistant secretaries are there?

Mr Borthwick—We will have an organisational chart in our annual report, and it will be that plus the two. It will be that not plus two new ones, because one will be less. It is not a net two, it is a net one in terms of the department. In terms of divisions, it will be—

Senator WONG—I am just actually interested in the increase. Are you saying it is a net 1?

Mr Borthwick—It is a net 1. Mr Slatyer used to head up the division called Land, Water and Coast Division. The water functions of that division will be folded into the bigger operations and the residual functions, which were biodiversity policy, forestry matters, et cetera, will be reallocated to the marine division, which is now called the Marine and Biodiversity Division to reflect that extra—

Senator WONG—On the organisational chart it is—

Senator SIEWERT—Poor marine gets shoved around all the time.

Mr Borthwick—No, marine is still solidly there.

Senator WONG—Solidly?

Mr Borthwick—Exactly. But it has got some new functions for natural resource management policies.

Senator Abetz—Biodiversity has been included.

Mr Borthwick—Biodiversity has been included, which is consistent with marine biodiversity issues as well.

Senator Abetz—I would have thought you would be in favour of that?

Senator SIEWERT—Marine seems to have jumped around over the years between the agencies.

Senator Abetz—No matter what we do we are met with criticism.

Mr Borthwick—All of the arrangements are in place. It is just a matter of finding seats for those new functions in the building.

Senator WONG—I think I have gone through this with both Finance and PM&C. Obviously these arrangements are not reflected in the additional estimates statements?

Mr Borthwick—No, they are not.

Senator WONG—Can you indicate to me what additional funding will be required for your department as a result of these admin order changes?

Mr Borthwick—The additional funding? The officers will be bringing the funding from their departments that they come with. In other words, the money follows the function and the officers follow the function. That is a matter that is usually worked out cooperatively between the giving and the receiving departments, and those discussions are still under way.

Senator WONG—Do we assume that the allocation in Prime Minister & Cabinet Portfolio for the Office of Water Resources would transfer fully to the Department of Environment?

Mr Borthwick—Yes. Subject to what I mentioned, that they will keep a small cell of a few officers in the department for normal advisory purposes. But the rule is the dollars and the staff come subject to that caveat.

Senator SIEWERT—I have a question that goes to elements of costing. We have talked about the transfer of staff between the various agencies to pick up what I understand are the Commonwealth programs and responsibilities.

Mr Borthwick—Yes.

Senator SIEWERT—Under the new plan, which we will get to, I know, the proposal is to take over responsibilities from the states to manage water. How is that going to be done?

Mr Borthwick—That is a shorthand for the proposal. The proposal is that the states refer powers to the Commonwealth only in the Murray-Darling Basin Commission, not more generally.

Senator SIEWERT—Who is going to do all the work that is then subsequently picked up by the Commonwealth to do that, and who pays?

Mr Borthwick—The Commonwealth proposal is that the states refer the powers and we establish a new Commonwealth authority within the current portfolio, and the Commonwealth's proposal is that it pays for the lot, including money that the states currently give to fund the Murray-Darling Basin Commission. We will undertake the funding we already put into the commission, take over the funding the states give and provide additional funding on top of that.

Senator SIEWERT—That will all then be done by the commission?

Mr Borthwick—It will be done by the commission, yes, the new Commonwealth authority.

Senator SIEWERT—The money for that is not included in what we have just been talking about with costings?

Mr Borthwick—No, it is not. It is a component of the \$10 billion package new money.

Senator WONG—In terms of the functions that have been moved over and the restructure in terms of water, will you be seeking additional funding over and above the transfer of the allocation currently for OWR in PM&C?

Mr Borthwick—No, that is not our expectation.

Senator WONG—Can someone explain to me what the NWC role will be?

Mr Borthwick—I will make a general comment and I will leave it—

Senator WONG—It is a statutory body now, is it not, so I am sure that they can—

Mr Borthwick—It is a statutory body, but it has come to the portfolio as part of these administrative arrangements orders. In terms of those, the Australian Water Commission undertakes exactly the same role, but within this portfolio, as they undertook in the Prime Minister's portfolio, with there being two main functions, one in terms of the Australian Water Fund arrangement, and the secondly in terms of the National Water Initiative. Under that they get involved in a whole host of activities. I will leave Mr Thompson and Mr Costello to elaborate on that.

Mr Thompson—Mr Borthwick is correct. The functions of the National Water Commission are unchanged. As you said, we provide advice to the Australian government and

recommend projects to be funded under two programs under the Australian Government Water Fund. One is the Water Smart Australia program and the other is the Raising National Water Standards program.

Senator WONG—Sorry, I missed the first one.

Mr Thompson—The first one is the Water Smart Australia program, which is \$1.6 billion. The Raising National Water Standards program is a \$200 million program. We can elaborate on those later, if you like. We recommend projects to the Australian government in relation to those programs. Our other major role is in relation to the NWI, where we do a few things, but in particular we work with parties who have signed the National Water Initiative—the governments that have signed that agreement—to help implement it, to help them implement their commitments under that agreement, and we also assess their progress in implementing the National Water Initiative and make reports to COAG on those matters.

Senator WONG—I do have a range of questions in relation to NWI that I would like to come back to later. I wanted to ask about two things. Currently you report to the Prime Minister; is that right?

Mr Thompson—Before the portfolio changes we did, and now we report to Minister Turnbull.

Senator WONG—Just to Minister Turnbull?

Mr Thompson—Yes.

Senator WONG—Not to the Prime Minister?

Mr Thompson—No.

Senator WONG—State governments?

Mr Thompson—Our legislation refers to ‘the minister’, and with the portfolio changes the minister is Minister Turnbull. On some matters, especially in relation to reports to COAG on progress against the National Water Initiative we report to the minister and to the states and territories. Our expectation, as with all COAG matters, is that that would be through Minister Turnbull to the Prime Minister and then on to the premiers and chief ministers.

Senator WONG—What is your role in relation to the Australian Water Fund? In the Australian Government Water Fund there are three programs. The Australian Government Water Fund is the umbrella title. It is a \$2 billion fund. We provide recommendations to the government and administer two elements of that fund—two programs. The first is the Water Smart Australia program. That is the lion’s share of the fund. It is aimed at major water infrastructure and major water management issues on the ground. Mr Costello can speak in more detail about that if required. The second program that we recommend projects in relation to and also administer is the Raising National Water Standards program, which is about better equipping the states and territories and the Australian government with the tools to understand and manage water resources in this country. It covers water planning, water accounting—those sorts of things.

Senator WONG—Presumably the NWC was involved in the 24 January announcement about a range of projects approved under the AWE?

Mr Thompson—Yes. We recommended those projects.

Senator WONG—All of those projects?

Mr Thompson—Yes.

Senator WONG—I think the Prime Minister released a statement announcing funding for a number of projects. The amount was I think \$200 and something million?

Mr Thompson—\$220 million.

Senator WONG—Have the projects themselves actually been announced?

Mr Costello—Some have been announced, but there are further announcements to come.

Senator WONG—How many projects are covered in the \$220 million?

Mr Costello—It is a mix of the two programs—Water Smart Australia and Raising National Water Standards.

Senator WONG—Yes, I got that.

Mr Costello—I will get back to you with the precise numbers for Raising National Water Standards.

Senator WONG—How many for the Water Smart Fund?

Mr Thompson—There were 27 projects in relation to Raising National Water Standards. And for Water Smart Australia we are just checking whether we have that number.

Mr Costello—There are now a total of 56 Water Smart projects.

Senator WONG—So 56 for Water Smart and 27 Raising National—

Mr Costello—That is in total.

Mr Thompson—Fifty-six is the total for Water Smart announced to date.

Mr Costello—But they were not all announced on 24 June.

Mr Thompson—Approved.

Mr Costello—They go back to previous announcements as well.

Senator SIEWERT—How much were they for?

Senator WONG—We are just trying to get that now? The \$220 million covers how many projects? Do you want me to come back to you, Mr Costello?

Mr Costello—Yes.

Mr Thompson—We have got the Raising National Water Standards number. We are just checking on the Water Smart Australia.

Senator WONG—What I would like is the number. I would also like to know which states those projects are in. Are you able to give me that, perhaps later?

Mr Costello—Yes, I can.

Senator WONG—Have we—

Mr Costello—For just that second round?

Senator WONG—For the 24 January announcement—the \$220 million that you have discussed. Obviously, you are a key agency in terms of the Commonwealth government’s water policy approach. Would you agree with that, Mr Thompson?

Mr Thompson—Yes, I would.

Senator WONG—When did you first become aware of the National Water Plan?

Mr Thompson—The National Water Commission staff were involved in discussions around developing a Commonwealth position in late 2006. In terms of the plan itself, that was in early 2007.

Senator WONG—That the plan was announced?

Mr Thompson—No, prior to when the plan was announced. We were involved in helping develop the plan.

Senator WONG—What was the nature of your involvement?

Mr Thompson—It took a couple of forms. Mr Costello was seconded to work with other agencies on the detail of the plan. National Water Commission staff were also involved in other discussions and briefings.

Senator WONG—I know from the answers provided by Prime Minister & Cabinet that there was a task force established some time in the first week of January, which commenced quite possibly some time after the 8th working within Prime Minister & Cabinet. Mr Costello, were you the NWC person involved in that?

Mr Costello—Yes, I was.

Senator WONG—From when did you commence working within—

Mr Borthwick—There is a general point here. In early January, Peter Shergold convened a meeting, and that involved myself, Ken Matthews, the CEO and Chairman of the National Water Commission, the acting secretary of the DAFF portfolio at the time, and various other officers. I just wanted to say that, because Mr Costello was seconded but there were a number of higher level meetings starting from that early January period.

Senator WONG—I assume you have read the *Hansard* or been briefed by Prime Minister & Cabinet?

Mr Costello—Of course.

Senator WONG—I am aware of that. I was just moving to the next bit. As I understand it, you went to a meeting with Mr Shergold before he went on leave and subsequently this task force was pulled together?

Mr Borthwick—No, I did not know that point had come out, if it had come out. I did not know that.

Senator WONG—That meeting was early January?

Mr Borthwick—Yes, that was early January.

Senator WONG—The 2nd, 3rd, 4th or 5th?

Mr Borthwick—I would have to check, but I would say the first week of January.

Senator WONG—Subsequent to that meeting there is a task force—

Mr Borthwick—Yes.

Senator WONG—in which Mr Costello was involved. Sorry, did you say the first meeting was with the chair of the NWC?

Mr Thompson—Chair and CEO, Mr Ken Matthews.

Senator WONG—Was he involved in the meeting with Mr Borthwick and Dr Shergold or in the subsequent meeting?

Mr Borthwick—Yes, in that meeting.

Senator WONG—That was the first occasion on which your department became aware of what was being proposed, Mr Borthwick?

Mr Borthwick—No, Dr Shergold phoned me and I presume others before that to set up the meeting and told us what the nature of it was.

Senator WONG—But that was shortly before the meeting in fact occurred—his phone call?

Mr Borthwick—It might have been. I did not take a note, but it might have been four or five days before then or a week or so before then.

Mr Thompson—Yes, that is right.

Senator WONG—When did Mr Costello commence working within Prime Minister & Cabinet?

Mr Costello—That was the second week of January, around the 9th.

Senator WONG—I just want to check that I have the details right. As I understand it, there were 10 people involved in this task force; is that right? Five from OWR, one from NWC and a number of other agencies, agriculture and also environment; is that right?

Mr Costello—And CSIRO.

Senator WONG—Can you take me in terms of your work, Mr Costello, to how the task force operated?

Mr Costello—I had the particular set of information and skills to—

Senator RONALDSON—This is a very important question. Senator Wong might perhaps clarify what she means by that, whether the focus was reporting or exactly what it is.

Senator WONG—It is not up to me to rephrase a question so Senator Ronaldson is happy. I have asked—

CHAIR—Senator Ronaldson is not being directly critical. I think he is just suggesting it might help the witness if you are a little more focused in what you ask.

Senator WONG—I am sure the witness can indicate to me if he would like me to specify in more detail.

Mr Costello—As you know, a team of people was pulled together from different agencies bringing different expertise. In that regard my role within the National Water Commission is running our Water Smart Australia program. We have been working with the irrigation sector

all through last year. In March last year we launched a special call for irrigation proposals. We held a workshop in March and then we launched a special call for proposals. We have had considerable interaction with the irrigation sector on what is possible and achievable in lifting the standards of irrigation in this country. We are on the steering committee of a number of projects that do things like pipelines, telemetry, remote reading of meter, total channel control—those types of things. We had from our call for proposals a range of submissions from the major irrigation corporations—Goulburn-Murray Water, Murray Irrigation, Harvey Water—those sorts of things. We had a good feel from the sector about what they felt was necessary and also of course costing information that had been provided to us in submissions. I then worked with the DAFF representative and one of the CSIRO people, Shahbaz Khan, who has done a lot of research in the irrigation field. He brought his information an data. We developed parts of the strategy and brought some information to bear on the types of costs for these types of activities from our previous experience and the information we had available to us.

Senator WONG—Given how you have described your role and your previous expertise, I would assume that the primary focus of your work would have been in terms what have is described as the purchasing entitlements/structural adjustment line in the announcement?

Mr Costello—My personal role is more to do with the modernising irrigation component. But of course as a team we spoke about—

Senator WONG—I am sorry?

Mr Costello—The task force, or the group—we spoke to each other. It was not separate silos.

Senator WONG—Which officer or officers was primarily involved in the item that I have just outlined, addressing overallocation in the MDB—the \$3 billion?

Mr Costello—Dr Horne led the team, so he might want to answer the division of responsibilities questions.

Senator WONG—I wanted to finish with the National Water Commission before I come to you, Dr Horne, but which officers were involved in the costings relating to the purchasing entitlements/structural adjustments line?

Dr Horne—There were a number of officers involved in it from PM&C. The way the task force was structured was that we sought to develop a package of measures. One of the measures was one that you have identified for overallocation. We workshopped all those measures quite intensively. There were clearly groups within the task force that took prime/lead roles on each of those. From my recollection, one of the Prime Minister & Cabinet officers was taking a lead role in the overallocation module.

Senator WONG—Which were the officers who were particularly involved in that component? Mr Costello has indicated he was primarily involved in—

Dr Horne—He has—

Senator Abetz—Would you be satisfied with the positions or is there a particular need or reason that you are wanting specific individual's names recorded on the *Hansard*?

Senator WONG—Is it somebody who is—

Dr Horne—An assistant secretary level position was involved.

Senator WONG—From which department?

Dr Horne—From Prime Minister & Cabinet.

Senator WONG—Was that yourself, Dr Horne?

Dr Horne—No, I am not an assistant secretary.

Senator WONG—Who are the NWC commissioners?

Mr Thompson—Mr Ken Matthews is the chair and CEO. The commissioners are Mr Peter Corish, Professor Peter Cullen, Dr John Radcliffe, Mr Wally Cox, Ms Chloe Munro, and Mr David Trebeck.

Senator Abetz—This has all been announced by press release, I understand.

Senator WONG—Yes, I was just asking to be reminded. I will try and remember their names next time, in between the estimates hearings. I know from Mr Borthwick's answer that Mr Matthews was involved in the initial meeting with Dr Shergold some time in early January. Have any of the other commissioners been briefed, to your knowledge, in relation to the detail of the water plan prior to its announcement?

Mr Thompson—Commissioners were briefed just prior to the announcement.

Senator WONG—What does 'just prior' mean?

Mr Thompson—They were given a briefing on 24 January.

Senator WONG—Was that the first occasion on which they were advised?

Mr Thompson—In terms of the elements of that plan, yes.

Senator WONG—Were you involved in that briefing, Mr Thompson?

Mr Thompson—I was not actually in that teleconference, no.

Senator WONG—It was a teleconference?

Mr Thompson—It was a teleconference.

Senator WONG—Were you involved in that, Mr Costello?

Mr Costello—Yes.

Senator WONG—Were costings discussed at that briefing?

Mr Costello—Not in any detail. The general scale of the announcement—

Senator WONG—\$10 billion over 10 years was discussed?

Mr Costello—I believe so.

Senator WONG—But not the break-up of it?

Mr Costello—No.

Senator WONG—Can I ask exactly what the position is in relation to compulsory acquisition under the plan? Is it the position of the government that the plan could involve compulsory acquisition or not?

Mr Borthwick—I think that element has been adequately explored in the parliament. But the—

Senator WONG—I do not know that it was in the Senate. It may have been. I am interested to know what your understanding of the policy is.

Mr Borthwick—The policy does not involve compulsory acquisition. It involves improvements in irrigation efficiency. It may involve purchases in the market and it may involve structural assistance for communities if that is necessary. But compulsory acquisition is not envisaged.

Senator WONG—The reports that Mr Turnbull indicated that that was not inconceivable—that is, compulsory acquisition was not inconceivable—that is not your understanding of where the government policy—

Mr Borthwick—I need to be very careful here of what might have been said. My understanding—and I will give you a hypothetical example—

Senator WONG—I get told off if I use hypotheticals in questions, but you might get away with it in an answer.

Mr Borthwick—I am trying to give you an example. If a cost-benefit analysis showed that at the end of an irrigation line it did not pay to extend a pipeline or to line a channel, there would be a discussion with the farmer involved as to whether or not he wanted to stay in the water business. But that would be a matter for the farmer to assess as a commercial proposition themselves. The Commonwealth is not seeking to compulsorily acquire water licences or farms. It was really dealing with that potential problem. That is not the main aspect of the program. The main aspect of the program is to line channels, do piping, solve the leakage and water storage problems. If a farmer or an irrigation company says, 'We think this is a better proposition', that is something we will be willing to talk to them about. But that will not be initiated by us, it will be a discussion that we have with the irrigation companies or the farmer.

Senator WONG—Dr Horne, you were in charge of the task force?

Dr Horne—That is correct.

Senator WONG—As I understand Finance's evidence earlier today, the costings were prepared by the task force?

Dr Horne—That is correct.

Senator WONG—Can you take me through some of the assumptions underpinning the costings provided in the Prime Minister's announcement? For example, in relation to the just under \$6 billion for modernising irrigation in Australia, what were the assumptions made, if any, in relation to what proportion of those funds would be available for the Murray-Darling Basin and what portion would be available for areas other than the MDB?

Dr Horne—About 85 per cent of the water used in irrigated agriculture is used in the Murray-Darling Basin. We cannot say precisely that 85 per cent of the areas or the monies that will be spent will be spent in the Murray-Darling Basin because we do not know yet. We have not been out to irrigation districts with proposals. We do not know how particular irrigation districts are going to respond. But probably as a rule of thumb one would sense that

around 85 per cent—it might be a little less, it might be a bit more—at the end of the day will be spent within the Murray-Darling Basin.

Senator WONG—Sorry, as a rule of thumb?

Dr Horne—We have irrigation districts all around Australia. The efficiency of those irrigation districts varies from place to place. Some of those irrigation districts are more efficient than others. As a result of that, the response that one might expect from different irrigation districts will be a little bit different.

Senator WONG—With respect, Dr Horne, surely you would have turned your minds to some of these issues when coming up with the costs?

Dr Horne—Of course we did.

Senator WONG—Presumably these are issues which were considered in terms of the assumptions and modelling which underpin the \$5.8 billion that we are referring to. You say ‘rule of thumb’; as you correctly point out, that does not necessarily equate to 85 per cent of the funds, because different areas might require a much higher level of expenditure in order to achieve the sorts of results you want. What is the assumption as to what proportion of the \$5.8 billion under modernising irrigation is reserved for the Murray-Darling Basin, or is there no such reservation?

Dr Horne—There is no such reservation. We expect that around a million hectares of Australian irrigation is likely to be upgraded through the implementation of the plan. The total irrigated area in Australia is currently around 2.4 million hectares.

Senator WONG—Your costing assumption is on the 2.4 million hectares—

Dr Horne—That is right.

Senator WONG—currently under irrigation, but you are likely to upgrade it by about a million?

Dr Horne—Yes.

Senator WONG—Where did you identify the million?

Dr Horne—Sorry?

Senator WONG—Which million?

Dr Horne—The million will depend on the irrigation districts, when they come forward, and when they put a proposal to us to upgrade.

Senator WONG—How did you pick the million as the figure? Perhaps we are at cross-purposes. You are saying, ‘We costed a plan that will upgrade 1 million out of 2.4 million hectares.’ You are telling me that exactly where that will be depends on who comes forward. That is fair enough, but in terms of determining that a million will cost \$6 billion, tell me how you did that?

Mr Borthwick—Whilst Dr Horne is thinking about that, part of this process will be to identify hot spots in the system. I define ‘hot spots’ as areas where there are real leakage problems or evaporation problems, and we will be drawing on the skills of CSIRO, the National Water Commission and those sorts of processes.

Senator WONG—If the position is that there is a million hectares of hot spots—

Mr Borthwick—No. I am trying to give you some context for the question. There will be a hot spots aspect of it where we think there are particular problems where it will be well worth spending some time working it through with irrigators. In other aspects it will be a competitive process by which they will come forward in terms of bidding for proposals. The overall intent behind the \$6-odd billion for improving irrigation efficiency is to get the best value for money across Australia, in other words, in the basin and outside the basin. The assessment process will be driven very much by maximising the returns to the irrigation industry, in terms of the 50 per cent of the savings they will get and the 50 per cent of the savings that will accrue back to the environment. I hope that is helpful to you in terms of the way we will be broaching the issues. In terms of coming to grips with whether or not \$6 billion is enough, that is why in assembling the tax force we relied on the sort of expertise that the National Water Commission and CSIRO could bring to this exercise.

Senator WONG—Thank you for that. I would like to go back to my question.

Dr Horne—Going back to your question—

Senator WONG—Thank you.

Dr Horne—I started talking about the irrigation districts and the amount of effectively on-farm land that we were seeking to upgrade. Around the irrigation districts, basically to get the water to the irrigation districts or individual farms are delivery systems. The average efficiency of those delivery systems at the moment is around 75 per cent. The benchmark we have used in the program is to try and improve the delivery system efficiency from 75 per cent to 90 per cent. As the secretary said, part of the funding here—about \$70 million of the funding—is addressed at identifying clearly the areas of greatest inefficiency in an irrigation system that has over 30,000 kilometres of lines.

Senator WONG—The million hectares is what I was asking about. How did you identify the million hectares? Are there a million hectares where you have said we will achieve X per cent below the benchmark? Is that how it was done?

Dr Horne—No. We looked at trying to identify an amount of land that would make a significant difference to the performance of the irrigation sector and yield at the end of the day the sorts of quantities of water needed to bring the basin as a whole into balance. If you go back to the objectives of the—

Senator WONG—That makes sense. You work out what you need to do to achieve the objectives and you say, 'Okay. It is about a million hectares.' How did you cost back from that? How does the million hectares then turn up as \$6 billion?

Dr Horne—A million hectares does not turn out to be \$6 billion; there are a number of elements of that. There are two. There are the on-farm elements and the off-farm elements.

Senator WONG—Perhaps you can help me with that. The on-farm element of the \$6 billion is much? That is \$1.6 billion. And the delivery system efficiency gains is \$3.1 billion, right? Then you have the \$620,000 and \$500,000 for metering, monitoring, et cetera.

Dr Horne—That is right.

Senator WONG—In terms of the system efficiency gains, what are the costing assumptions? What is that intended to do? Is that the million hectares or is that something else?

Dr Horne—No. What we are doing there is lining channels, piping some channels in order to save—

Senator WONG—How much does \$3.1 billion buy? Mr Costello, did you work on this part? Can you tell me what that comprises?

Mr Costello—Sorry the three?

Senator WONG—The \$3.1 billion. If that is about lining channels, piping channels, et cetera, what you would I suppose broadly call infrastructure work—

Mr Costello—Yes.

Senator WONG—What are the assumptions that lead to the \$3.1 billion?

Mr Costello—I worked on the program, but I am not sure to speak about it.

Senator WONG—That is Dr Horne's—

Senator WONG—Mr Costello, it does not work like that. You were a member of the task force doing this work.

Mr Costello—But I am here representing the National Water Commission.

Senator WONG—You are here as an officer at an estimates hearing. You are being asked questions. You cannot determine—

Dr Horne—I can answer that question, can't I?

Senator WONG—I am sorry, Dr Horne?

Senator Abetz—Yes.

Dr Horne—I can answer that question? May I?

Senator WONG—Thank you.

Dr Horne—As the public documentation shows, the \$3 billion works program, which comprises the channel lining and the systems automation, would save 1,500 gegalitres per year.

Senator WONG—That is an outcome.

Dr Horne—Yes, that is an outcome

Senator WONG—I am not asking about the outcome. I am asking how you got the costing. What does \$3.1 billion comprise?

Dr Horne—What do you want that in terms of?

Senator WONG—Tell me what it comprises. What have you costed in to that figure? What are you doing with that money? Surely you can give me some indication of this many channels or this much of this sort of activity?

Dr Horne—The figure is an estimate. When we go to irrigation companies, they will come back to us with a proposal to say, 'We need to upgrade so many kilometres. How much is that

going to cost? We are going to put in some pipes here. How much is that going to cost? Putting all of those bits together, we have estimated that we can get 1,500 gigalitres of water for a \$3 billion works program.

Senator WONG—Are you able to tell me how many channels will actually be upgraded?

Senator Abetz—When you deal with these round numbers—and I am sure somebody will correct me if I am wrong—and in the figures of, what, \$3 billion and 1,500 gigalitres per year, it has not been measured to the last cent or to the last drop of water.

Senator WONG—I would not mind it if it was by billions. Billions or a hundred million; how about that?

Senator Abetz—In what we have done—

Senator WONG—I am not interested in cents.

Senator Abetz—as you have clearly been advised, things such as channel lining and system automations were taken into account. With these funds estimates are made and then, as requests come in, the money will be spent. If there are areas that are worse than others I assume we might get more than 1,500 gigalitres or in fact less than 1,500 gigalitres. Clearly they are round figures.

Senator WONG—How much is allocated in the \$3 billion for channel lining?

Dr Horne—I cannot give you a figure for that.

Senator WONG—Why not?

Dr Horne—What we did was to look at a range of projects that have been undertaken in recent times, the cost of those projects and the cost of doing different works. Taken together, we then made an overall estimate of what we thought it would cost to do sufficient works to yield this sort of—

Senator WONG—Yes, I have that general figure. In terms of the \$3 billion, are you able to give us any disaggregation indicating what that \$3 billion would be spent on, at least in broad terms? I do not need it to the nearest cent, as I said to the minister. It is \$3 billion of public money. One would think you could at least get it within a few hundred million.

Dr Horne—Yes. I cannot give you how many channels we will line, because until—

Senator WONG—No, I asked you for a disaggregation of the \$3 billion. Can you give me that?

Dr Horne—Until we go out to the irrigation companies—

Senator WONG—No, Dr Horne, I asked you for a disaggregation of the \$3 billion.

Senator Abetz—You are being given an answer, if you would be polite enough to listen to it.

Senator WONG—I will keep asking the question, because he is answering a different question.

CHAIR—Let's give the witness a chance.

Senator Abetz—He has gotten into his answer by about three or four words and then faced with your interruption.

Mr Borthwick—The nature of the question—I do not think there is an answer the way you asked the question. That is why I gave the preamble in terms of it in part being a competitive process and in part identifying hot spots where there is maximum leakage. In forming judgements about this, we are advised by the CSIRO and we are advised by the National Water Commission and other experts as to what was broadly feasible. What the balance will be in terms of piping channels, lining channels, and where we will get the best value return will be tested in the marketplace and tested by scientific investigation.

Senator WONG—I appreciate that.

Mr Borthwick—Furthermore in terms of these things, we will also want to see what the effect is in terms of local communities, not just a straight water question in terms of getting the best value for the dollar. The task force, in putting it together, made some judgements about where this would come out. If you ask for a precise aggregation, that is not a question that we can answer at this stage.

Senator RONALDSON—I put it to you that it is actually a nonsense notion to be asking for this level of disaggregation as Senator Wong was talking about. If you are spending that amount of money, I put it to you that by the time you ascertained those figures there would be nothing left of the Murray-Darling Basin and not much left of anything else. It is a nonsense notion for Senator Wong to be pursuing this.

Senator WONG—Is this a debate—

Senator Abetz—No.

Senator RONALDSON—I have asked the minister a question.

Senator Abetz—You have demanded a disaggregation in circumstances where it is patently obvious that it is unable to be given for the very good reasons that have been provided to you. It would be like with the community water grants scheme; a certain amount of money was made available and then you could have come and asked, ‘How was that figure made up, disaggregated, and how many is going to be spent on dual-flush toilets’—

Senator WONG—We are talking about \$3 billion.

Senator Abetz—a opposed to something else. Until you get in all the requests, all of the competitive tenders and so on—and advice as to what all the hotspots are, what the urgent ones are—it is impossible to desegregate.

Senator WONG—We can float in expenditure with costing. I do not expect them to be able to tell me where they are going to spend the money. Of course, that is a nonsense question. How could I ask them where are you exactly going to spend it? I am asking how it is costed. You are talking about \$6 billion. I am asking for disaggregation of a certain component of that, which is \$3 billion. Now, if any government—

Senator RONALDSON—Chair—

Senator WONG—Can I finish? Thank you. In a government program of \$3 billion I assume there must be some disaggregation in terms of your costings leading up to the \$3

billion. I am asking whether there are any disaggregated costings with comprise the \$3.1 billion.

CHAIR—Are you using the wrong words, Senator Wong?

Mr Borthwick—The answer is no.

Senator WONG—The answer if no. Thank you.

CHAIR—Senator—

Senator WONG—That is fine, I will move on.

Senator Abetz—That is why, with great respect, if you listened to Mr Borthwick's preamble, of which you were somewhat dismissive, you would have got the answer and would not have got yourself into this embarrassing position.

Senator RONALDSON—What Senator Wong has put to you is that she does not know where it is going to be spent but she wants to know how much it is going to cost.

Senator WONG—You are the one—

Senator Abetz—What an extraordinary notion. You do not want to know where it is going to be spent but then you are asking the officer how much is it going to cost? What an extraordinary notion.

Senator WONG—You are the ones who have announced the policy. You should be able to say how much is going to be spent—what underpins—

Senator RONALDSON—You said you do not want to know where it is going to spent, then you want the costing for it, and with great—

Senator WONG—Look, I know the government is extraordinarily embarrassed by the fact that everybody in Australia knows that this was put together at the last minute.

Senator Abetz—I think if there was a mirror in the room you would realise—

Senator WONG—Last minute, and they cannot even provide disaggregation for costings—

Senator RONALDSON—Well, you are the one that made a fool of yourself.

Senator WONG—on \$6 billion of expenditure.

Senator RONALDSON—You do not know where it is going to be spent but you want the costings for that.

Senator WONG—We are asking here for a billion dollar program to be disaggregated and you cannot provide it.

Senator Abetz—No, what we are—

Senator WONG—And I am very clear about that answer and I am happy to move on. I think Senator Siewert had some questions.

CHAIR—Senator Siewert.

Senator Abetz—Chair, with great respect, these sort of things should not be allowed to rest unanswered on the *Hansard* because there will be busy beavers back in Senator Wong's office

trying to create a provocative press release. I think that the answers given by the officials are very clear. They stand to reason. A fund has been made available. The purpose of the fund has been indicated to the committee and how the fund will be allocated through identification of hotspots, et cetera, will be a matter that is taken into account in determining how all that funding is going to be allocated. I think it is very clear, and the sort of provocative assertions made by Senator Wong are unnecessary.

Senator SIEWERT—Can I make another attempt? 1,500 gegalitres: how did you come to that figure? How do you know that is how much you are going to get out of this expenditure? On what basis is that assumption or that costing made?

Dr Horne—They are estimates and they are estimates based on the experience gained through our involvement in various irrigation programs, work with irrigation companies over a number of years. They reflect experience of some of Australia's leading experts in this area about how much it costs to do various things. There has been work purchasing water in different quantities, some in the Murray-Darling Basin Commission. There has been work going on through a number of programs which has identified broad magnitudes.

Senator SIEWERT—Are you able to provide the committee with examples of that, like where that came from, so we can have a look at it to see if this is a fair cost for the amount of water we are spending. The 1,500 gegalitres is coming out of the 3.1 billion for what we are loosely calling the infrastructure project, is that correct?

Dr Horne—That is correct.

Senator Abetz—Yes.

Senator SIEWERT—But overall we are spending \$6 billion on a million hectares which, according to my—

Dr Horne—No, we are spending \$6 billion on an overall program relating to irrigation districts. That has a number of components which are off-farm and on-farm. The on-farm components, which are around the \$3 billion mark, relate to the one million hectares.

Senator SIEWERT—Okay. The \$3.1 billion relates to the one million hectares, is that correct?

Dr Horne—On-farm efficiencies are \$1.635 billion; the delivery systems, there is \$3 billion; metering \$620 million; improving river operations \$500 million; and they add up to around the \$6 billion mark.

Senator SIEWERT—But the \$3.1 billion relates to the one million hectares?

Dr Horne—No, the \$3.1 billion relates to the channels.

Senator SIEWERT—The channels?

Dr Horne—Yes.

Senator SIEWERT—And the rest relates to the one million?

Dr Horne—No, parts of the rest relate to, for example, improving river operations and storage, \$500 million, and it relates to things like Menindee Lakes if that went ahead.

Senator SIEWERT—I am going to come back to the proof of the 1,500 in a minute. The one million hectares we are referring to, what bit of money buys that?

Dr Horne—We have here \$1.635 billion.

Senator SIEWERT—That is the efficiency stuff; the on-farm efficiency.

Dr Horne—Yes.

Senator SIEWERT—How much water is that returning?

Dr Horne—That returns around 1,200 gegalitres, which will be shared with irrigators.

Senator SIEWERT—So we get 600 out of that?

Dr Horne—That is correct.

Senator SIEWERT—Can you confirm for me how much farmers are putting in for the \$1.63 billion that the Commonwealth is putting in?

Dr Horne—The total funds—that will depend, I think at the end of the day, on the design of the program itself.

Senator SIEWERT—Is it dollar for dollar like some of the NHT programs? Is it two for one?

Dr Horne—No, the contributions will be required from irrigation areas but it will be on a project by project basis.

Senator SIEWERT—So you have not set guidelines for how much?

Dr Horne—Not at this stage, no.

Senator SIEWERT—So you could pay for all of it?

Dr Horne—No. We would be expecting contributions. It is just that we have not yet settled on the contributions for particular projects.

Senator SIEWERT—So farmers get automatically 50 per cent?

Dr Horne—Yes.

Senator SIEWERT—Yet the Commonwealth is not yet saying that they are required to contribute 50 per cent?

Dr Horne—It may be that, from project to project, there are some small differences and we do not want to, at this point in time, until we have had an opportunity to talk with the different irrigation companies, precisely commit ourselves to a program design.

Senator SIEWERT—So why is that different from NHT? NHT does dollar for dollar. Why is this project different?

Dr Horne—We want to ensure here that there is the right amount of incentive to get the outcomes that we are seeking.

Senator SIEWERT—Don't we want that in NHT?

Dr Horne—We do but we have committed in NHT to a particular formula. Here we have not yet committed to a formula and we want to take more advice from the irrigation sector before we finally commit to a precise formula.

Senator SIEWERT—The 1,200 gigalitres that you are buying, 600 of which the river gets back—the Commonwealth gets back, I will say—what are those figures based on?

Dr Horne—Those figures are based on the estimates of our experts on how much we think we can improve irrigation efficiency within Australia's irrigation districts.

Senator SIEWERT—Are you able to provide the figures on which the 1,500 gigalitres and the 1,200 gigalitres are based?

Dr Horne—Sorry, I am not sure that I understand your question.

Senator SIEWERT—You are saying that the 1,500 gigalitres, the figure that we are buying through the infrastructure project—

Dr Horne—Through improving delivery system efficiency.

Senator SIEWERT—Yes, which, for the sake of what we are talking about is the infrastructure project, and the 1,200 gigalitres—can you provide the committee with the justification for those two figures?

Mr Costello—There is at least 1.2 megalitres a hectare achievable from one million hectares.

Senator SIEWERT—With all due respect, that is another figure that you are using that you have. I want to know where that is justified from, from the experts that we have just been talking about.

Mr Costello—We have been speaking to and have proposals and discussions with Dairy Australia, Cotton Australia, the Rice Growers Association and those types of organisations, which have put out publications to their members saying if they convert from this kind of irrigation layout to that then these are the types of savings per hectare that are achievable.

Senator SIEWERT—You cannot provide us with those figures? Where is the rationale? Did you write down the rationale to say, okay, we are pulling this figure from here, here and here, and therefore we think, for all this—

Mr Costello—The assumption is written here that there is 1.2 megalitres a hectare achievable. There are different amounts of water use on different crops and there are different savings available from different types of conversions, so you can laser a rice bay and you might get two megalitres a hectare and it is a fairly low cost conversion. If you convert, say, on a cotton farm furrow, again you will get—sorry, the rice you might get 1.2 megalitres a hectare, on cotton you can get two megalitres a hectare savings from converting to sprinkler systems from furrows. There are those ranges of savings.

Senator SIEWERT—Sorry, with all due respect, you could say we could make three megalitres in that paper and, unless it is justified, I have no basis on which to know whether that is actually realistic or not, and I know in the past that the figures have not been realistic. The previous projects, the reason that we are in this mess at the moment, partly, and some of the other projects we have been funding have not been working. We do not have the 500 gigalitres that we are supposed to get back for the Living Murray, for example.

Mr Borthwick—I think that is it. The Commonwealth's frustration with how effectively the Murray-Darling Basin Commission has been working and how much progress or lack of

progress we have been making towards those Living Murray objectives is fundamentally the reason why the government has oriented this project. When it comes to the Living Murray project, they are state proposals which come forth from the states, in which the Commonwealth is investing about \$220 million. They are the state proposals in terms of that environmental water.

Senator SIEWERT—That is not—

Mr Borthwick—No—

Senator SIEWERT—And I appreciate it is quite a complex issue.

Mr Borthwick—No, this is an important point because you were saying because we have not made progress. I am telling you the Living—

Senator SIEWERT—Collectively. Where is the water that has been returned to the Murray through the 500 gegalitres that has so far not been returned to the Murray?

Mr Borthwick—I am saying that it was up to the states in the first instance to come forward with those proposals in which the Commonwealth would invest \$220 million of the overall \$500 million, and it is precisely because we have been frustrated with the slow progress that the states have been making, notwithstanding the Commonwealth putting in money that we—

Senator SIEWERT—Sorry, with all due respect—

Senator RONALDSON—Wait a minute.

Senator SIEWERT—Who restricted purchasing water allocations or water for the Murray to adjust efficiency gains? That was a policy decision that was made.

CHAIR—Senator Siewert, just in general—

Mr Borthwick—There is no policy decision.

Senator SIEWERT—There was.

CHAIR—Senator Siewert, we must let the witnesses answer the questions without interruption.

Mr Borthwick—But my point was that it was an important point in terms of the Living Murray process, which was a cooperative arrangement with the states. It was premised on the belief that the jurisdictions responsible for managing the water, which is each of the jurisdictions, would come forward with proposals which the Commonwealth would invest in. We have not been making the progress that we desired in that and hence we are coming forward with this. In terms of the Commonwealth shying away from investing in water recovery, we have indicated that we are quite prepared to invest in water recovery from willing sellers underscoring the \$3 billion adjustment. We are not shying away from purchasing water in the market as well as improving efficiency of irrigation.

Senator SIEWERT—I can point you to media releases and media comment where the Commonwealth has in the past shied away from doing that very thing, but that is not the point I am trying to make. The point I am asking about at the moment is where is the justification for those figures? I did not think it was a complex question.

Mr Costello—There is research in the public domain about the types of savings on a per hectare basis from converting from one type of irrigation to another and there are also proposals that we received to the National Water Commission from major industry organisations giving us an indication of it.

Senator SIEWERT—Did you pull that together and write it down, because, if I was spending that much money, that is what I would do? Did you do that so that it is auditable and so we can go through and say, okay, these are the assumptions on which we based our figures? I am not trying to criticise whether those figures are accurate or not.

Senator Abetz—We have not spent any money as yet. Money has been made available. Each individual project is going to be assessed for its worth to the taxpayer in delivering, if I can use the term, water dividends in return for the taxpayers' dollar, and that is the time when the detailed analysis will be made of each individual project.

Senator SIEWERT—I accept that. So what you will be assessing it against is value for money per gegalitre purchased, presumably. What bar do you measure that against? How do we know that the bar of 1,500 gegalitres for that amount of money is the right bar?

Mr Costello—Because we went to the literature, we went to the experts in CSIRO, we went to proposals that we receive which will say that 1.2 megalitres per hectare is an achievable saving.

Senator SIEWERT—Where is that written down so that we can look at it without us having to go back to every bit of literature?

Mr Costello—We can give you some references.

CHAIR—That is a perfectly reasonable response.

Senator SIEWERT—In other words, it is not—

Mr Costello—It is written down.

Senator SIEWERT—They have not done it. It is not traceable. Basically it is not traceable.

Mr Costello—Yes, it is. We have written here the assumptions, how much water can be saved over that number of hectares and then we ground-truth that with all the available research literature and the leading researcher in the field to say, is this a realistic assumption?

Senator SIEWERT—Where is it written down? At this stage, because I have not seen the figures, I am not saying that that is not even the right figure but I want to know where the stuff is. I am presuming you have more access to the research than I have to actually write that down so the community of Australia can see it as well.

Senator Abetz—These are the estimates of the best experts available to the government in coming to these sorts of figures which we unashamedly say—and I think in the public document, for example, we do not say exactly 1,500 gegalitres, we say estimated to save up to 1,500 gegalitres per year, so we are using terminology which indicates that these are estimates, where are the estimates from, from the best experts that the government could get to advise it in relation to this.

Senator SIEWERT—Which is not documented, so that we cannot trace it.

CHAIR—To say that it is not documented, that is an assertion which is not known.

Senator SIEWERT—I am asking the—

Mr Costello—In the National Plan for Water Security, we have given examples there which come from the literature: the conversion from flood irrigation to centre pivot on a dairy farm can provide savings of around three megalitres per hectare; laser levelling to improve rice layouts can provide savings of 1.5 megalitres a hectare. A conservative estimate is being used.

Senator Abetz—This is from practical, on-ground experience but exactly how much is going to be spent on each particular type of water-saving mechanism is going to be determined on a whole range of factors, including the determination of where all the hotspots are.

Senator SIEWERT—Okay. I know I am not going to get any further so I will ask another question. My understanding of the efficiency programs that are running at the moment is that the gains were not as much as was expected because more was then used for growing the crops. My understanding is that the assumption in the past was that you put water on and what you do not use will then be available as river flows, and in fact that is not always what happens.

Dr Horne—I am not sure which efficiency programs you are referring to there.

Senator SIEWERT—When we, collectively, have invested in water programs in the past. Basically it is not as simple as previous programs have worked out.

Dr Horne—If the point you are making is that, over time, the more work that you do on purchasing water or saving water through improving efficiency that it gets more difficult, then at some point in time that is probably the case. The program that we are investing in now is really looking afresh at a broad-scale attempt to really change the whole characteristic of our irrigation districts. I am not sure that you could relate to the past experience, and I am not quite sure what that past experience is anyway.

Mr Borthwick—I am not exactly sure what you are getting at but—

Senator SIEWERT—You improve efficiency, you improve—

Mr Borthwick—When we invest in improvements in efficiency—say if you move to drip irrigation, compared with flooding irrigation—you are not going to have the return flows to the system that you had in terms of flood irrigation. In terms of that, we made some estimates of the net effects in terms of those things that underpinned it and we tried to take into account those factors in coming up with the estimates that we have been discussing up to this point.

Senator SIEWERT—In the absence of there being something written down, I would appreciate it if you could provide some references.

Mr Costello—It is referenced on page 9 of the National Plan for Water Security.

Senator SIEWERT—Beyond those that are there; that would be useful. One last question before I finish with costing. When you are rolling out the plan there is the overallocation side of it and there is the \$6 billion that we have been talking about. How can we be sure that we do not invest in efficiency gains in particular properties, and then down the line it turns out

differently? My understanding of the way it has been written down is that a lot of the buying back allocations are going to be partly through the CSIRO work—the catchment management work—that is going on. If we are starting to roll out the other program first, how do you know that you are not rolling that out?

Mr Borthwick—You have made an assumption there. The nub of the issue, which you have touched on is spot on in terms of the issue. In other words, the measures to improve irrigation efficiency need to also be informed by the measures to reduce overallocation, because it would be silly if you paid Peter and robbed Paul in that. In terms of how we construct the program, we will do our best to make sure that is integrated in an effective way. We are very alert to the issue that you have touched upon.

Dr Horne—The CSIRO program is to look through—by the end of this year we will have the broad understanding of the extent of overallocation throughout the basin. We will have the first initial responses by around April this year on the first group of catchments. That will help inform the later decisions that are taken on the program as a whole.

Senator SIEWERT—I have a lot more questions but I will go to them later.

Senator O'BRIEN—I have a few questions from the agriculture industry's point of view. What does the plan mean for property rights assigned under the current arrangements, which were apparently guaranteed to 2014?

Dr Horne—Under the National Water Initiative there were basically two sets of proposals in relation to what is called the risk assignment problem. Between now and 2014, if governments sought to disturb property rights, in a sense, there would have to be some sort of negotiated buy-out. As Mr Borthwick has said, there is no intention in the plan to compulsory acquire property rights or acquire water, so the purchase of water will be through seeking proposals from the irrigation community itself. Beyond 2014, clearly there is a mechanism in the National Water Initiative which goes to the assignment of property rights and the allocation of risk should there be a reduction of in-flow into the Murray-Darling Basin as a whole.

Senator O'BRIEN—The farming community—as is Senator Siewert, in some respects—is calling for a definition of what constitutes overallocation. For example, they say that the National Water Commission assesses that only three per cent of surface water management areas and five per cent of ground water management areas are overallocated. Does the government's plan proceed on that basis or are you proceeding on a basis different from that assessment by the National Water Commission?

Mr Thompson—I would like to just correct the record in relation to that assessment. As the National Farmers Federation press release went on to say, and I think that is where you might be drawing that from, the Australian Water Resources 2005 assessment, or the first part of that product, was based on the states' own assessment and the commission itself did not sign on to that assessment of how much over-allocation there was. It was reporting what the states themselves thought existed in terms of overallocation, so I just preface that.

Senator O'BRIEN—What is the definition of overallocation that you are relying on?

Mr Thompson—The definition of overallocation that we use is the one contained in the National Water Initiative, and it refers to situations where, with full development of water

access entitlements in a particular system, the total volume of water able to be extracted by entitlement holders exceeds the environmentally sustainable level of extraction for that system.

Senator O'BRIEN—Have you identified system by system what those numbers are?

Mr Thompson—No, we have not, as the commission. There were a couple of things following our establishment that we were set up to do. One of those is to undertake the assessment that I referred to before—the Australian Water Resources 2005 assessment—and so far that has relied on state reporting of numbers. That is one of the things that has been driving the commission in trying to get better water accounting and better assessments of environmental health across systems.

Senator O'BRIEN—How long has the National Water Commission had the view that you could not rely on the state assessments?

Mr Thompson—The states themselves have indicated to us that they have different approaches to measuring overallocation. It is not a matter of not trusting the states. It is a matter of seeing that there are different definitions and approaches used in different jurisdictions. In fact, in individual jurisdictions there are multiple definitions and approaches used. It is on that basis. It is not any maligning of the states but it is on an empirical basis that we do not accept at face value those definitions.

Senator O'BRIEN—What do you mean by the discrepancies? Do you mean that they use different methods to assess it? Not that they are wrong, but they use different methods?

Mr Thompson—They use different methodologies and different approaches to measuring and assessing overallocation.

Senator O'BRIEN—Is the National Water Commission disagreeing with the proposition that three per cent of surface water management areas and five per cent of ground water management areas are overallocated? Do you have a different figure?

Mr Thompson—We do not have a different figure. What we are saying is that, for Australia as a whole, it is a work in progress. We have a second level of the Australian Water Resources 2005 assessment coming out in the next couple of months, which will add some more information about that.

Senator O'BRIEN—How long have you been working on that?

Mr Thompson—On the level 2 assessment?

Senator O'BRIEN—Yes.

Mr Thompson—The overall assessment has been going since late 2004. The level 1 assessment was released 30 October last year and the level 2 assessment is on its way.

Senator O'BRIEN—you been working closely with the states on that assessment?

Mr Thompson—Very closely with the states. We rely on their data.

Senator O'BRIEN—Have they provided full cooperation?

Mr Thompson—They have been very cooperative.

Dr Horne—To take that one step further, in the Murray-Darling Basin itself, the CSIRO study which comes out of the so-called Melbourne Cup summit is designed to address that very question or at least provide the foundation information so that question can be addressed.

Senator O'BRIEN—We should have known that a horse with a name that started with Delta was the right horse to back on that day. The discussion about the estimates of water savings through efficiency gains has been questioned by the NFF. They say that the government talks of current delivery efficiencies averaging 75 per cent with a view of attaining 90 per cent, but industry figures suggest that delivery efficiency could already be as high as 87 per cent for some corporations and that, if this is correct, it will seriously limit the level of water savings the government estimates that it can make. What do you say about that?

Mr Costello—There is a benchmarking document put out by the Australian National Committee on Irrigation and Drainage, which is the industry body. It publishes figures on delivery efficiency.

Senator WONG—You even have the NFF disagreeing with you.

Mr Costello—There are a range of deficiencies in different systems. Some have been piped and have high efficiencies and some are much below the current 75 per cent average, but that is the average in the published documentation put out by the industry.

Senator O'BRIEN—You talked earlier this evening about meeting in March with all the irrigated sectors. Which sectors were represented?

Mr Costello—We held a workshop in March last year. I can get you a complete list of attendees, but all the major grower groups including Cotton Australia, dairy, horticulture, rice growers and so on, and then major irrigation corporations were invited to participate.

Senator O'BRIEN—I would appreciate it if you could provide that.

Mr Costello—Various research organisations were involved.

Senator O'BRIEN—Did that consultation lead to this view that efficiency gains could give you 2,500 gegalitres in savings?

Mr Costello—That is one of the inputs, and the subsequent projects that followed. At that point we had a specific call for irrigation proposals. We received proposals from irrigation corporations about improving efficiency gains but not from all of them. Instead of just funding a project in one area, this national plan gives us the ability to take a national approach to that issue.

Senator O'BRIEN—What does sustainability for irrigators mean to the government? How should we understand that concept?

Dr Horne—What irrigators face as we go forward is a shrinking inflow; for example, into the Murray-Darling Basin. The CSIRO has done some work, which suggests that there are a number of risks to the overall amount of water that is coming into the basin. Some of those risks are controllable. At this point in time they are not controlled and that is the reason that the Commonwealth is seeking a reference of powers. They are the controllable ones. There are some that are not controllable like climate change, and this program is designed to increase efficiencies so the irrigators looking forward will have a future that they can produce the same quantity, if not more output, than they currently are using at a reduced level of input.

Senator O'BRIEN—If I understand what you just said, sustainability means irrigators producing the same or more with less water?

Dr Horne—That is right.

Senator O'BRIEN—That is how the irrigation sector should understand that concept that the government is putting forward in its paper.

Dr Horne—Yes. For irrigation to be sustainable, what we need is a sustainable basin, so we need to make sure that there is enough water going into the environment so the riverine system is maintained to a sufficient degree, so that the irrigation community can be guaranteed—I hesitate to use the word guaranteed—or assured that they will get the water that they think that they ought to get with a sufficient level of reliability going into the future. It is important that, as the world changes, so to speak, we understand the impacts or the risks on the inflows into the system and seek to manage them. That is what the essence of the proposal on the table is.

Senator O'BRIEN—There is obviously a bit of a worry about what this means. Where there is water which is intermittently available for irrigators, will irrigators that rely on an annual allocation at a certain level have difficulty in being sustainable?

Dr Horne—Different types of water products offer different reliability, so something which is a high security water offers a much greater reliability than a general security water. An irrigator would look at the crop which he or she is producing and say that they need a mix of water products to give them, in a sense, a particular reliability coefficient, so they have some sense that in three years in five—some of them might need the water five years in five—so they will have predominantly a high security water product. Some rice farmers might use a general security water and recognise that in some years they will not be producing their crops.

Senator O'BRIEN—Whereas dairy farmers will be awarded five out of five years?

Dr Horne—Yes.

Senator O'BRIEN—Olive farmers will probably want it five out of five years?

Dr Horne—Yes.

Senator O'BRIEN—The citrus growers will certainly want it five out of five years.

Dr Horne—Exactly.

Senator O'BRIEN—Cotton growers will want it whenever they think they can have a crop. Sustainability will vary depending on the sector. How is it envisaged that this high security/medium security water and intermittent supply will be broken up in this program? Is that still work in progress?

Dr Horne—The market will decide what sort of products that it wants and, if the products are not available, different communities will come to government and say that they cannot get the sort of products that they need and will want to look at changing the nature of the products. People can do some work on that but at the moment there are a range of products available in the market. Different states have different characteristics. You can go out there

and purchase products. You can have a portfolio of water with different characteristics, which can help to meet that.

Senator O'BRIEN—Will it still be a marketplace system?

Dr Horne—Yes.

Senator O'BRIEN—Will demand determine price?

Dr Horne—Yes.

Senator O'BRIEN—The amount that the government can buy will be determined by that price as well?

Dr Horne—Yes.

Senator O'BRIEN—I suppose it is fair to say that, if the amount of water available declines, the price will go up, subject to the survival of agriculture?

Dr Horne—Yes.

Senator O'BRIEN—Does it mean that, if there is a reduction of the volume of water, we should expect that there will be a reduction in the amount available to, say, the dairy industry, which needs it five years out of five, and to the horticulture industry, which might also in some areas need it five out of five and some intermittently? How will it be approached by this body?

Dr Horne—The market will determine those outcomes. It is not for government to determine who holds the water and how it is used.

Mr Borthwick—The first step before we have water trading arrangements, which will determine—the water over time will trade to the highest value uses subject to—

Senator O'BRIEN—We have already got trading.

Mr Borthwick—concern about salinity affects and whether it can be physically transported and all those sorts of things, but, as Dr Horne said, there is a range of water products out there. New South Wales arrangements are different to the Victorian arrangements. It is not our intention to overturn those arrangements in the first instance at all. That is not the priority. We do not want to weaken access rights or entitlements to farmers in terms of those things. What Dr Horne is saying is that, over time, as the water markets are freed up you would expect water to trade from lower value uses to higher value, but which direction that will take water—whether it is to rice or to dairy—will be for the market to determine. I just want to underscore the point that we are not going to change the whole basis of entitlement system that farmers rely on.

Senator O'BRIEN—It will not just be farmers in the system? Can people buy and sell water and trade?

Mr Borthwick—Yes.

Senator O'BRIEN—What does the government mean when it refers to nonviable inefficient irrigators? How should we understand that that will be assessed?

Mr Borthwick—It will be assessed via them coming forward with propositions.

Senator O'BRIEN—Is it self-assessment?

Mr Borthwick—Yes, self-assessment.

Senator Abetz—The cost of the water does not give you a return on the purchase.

Mr Borthwick—Exactly.

Senator O'BRIEN—It will not be a case of any judgment being made that water licences held in certain interests are an inefficient use of the water compared to other uses?

Mr Borthwick—No, it will not.

Senator Abetz—We are not in a command economy.

Mr Borthwick—It goes back to the compulsory acquisition question. That is not the business that we are in.

Senator O'BRIEN—It is the government's term, 'inefficient irrigators'. 'Nonviable' could mean a number of things. If you do not have enough water to grow sufficient crop to make ends meet, that is one thing. Inefficient is another question. If you were flood irrigating instead of using a centre pivot, I take it from some of the comments that Mr Costello made that would probably be an inefficient use of water.

Mr Borthwick—We will not be specifying the technologies which farmers or irrigation companies choose to use to bring to bear on their farming. We expect over time they will take into account the various water products, make market judgments and change their irrigation practices in a way that makes commercial sense. We will not be specifying to them what the best way of managing their farm is. We will be inviting proposals from them.

Senator O'BRIEN—It is suggested that the government is proposing to reset water sharing plans and the Murray-Darling Basin cap. Is that true?

Mr Borthwick—What the government's statement said is that it would guarantee the existing sharing arrangements for the states.

Senator O'BRIEN—Does that mean that the share that Queensland gets will remain?

Senator Abetz—Can you repeat your question as there is some confusion at the witness table as to what the question was?

Mr Borthwick—The existing arrangements in terms of the allocations to the states under the cap will remain in place.

Senator O'BRIEN—Will the water sharing plans state-by-state remain the same in terms of the quantity or in terms of the proportion?

Mr Borthwick—In terms of the proportion. That is how it is currently expressed.

Senator O'BRIEN—Does that mean that there is less water for each state and more return to the river for environmental purposes?

Mr Borthwick—No, I do not think that you can split it out in that way.

Dr Horne—Your question was whether we would be resetting the cap.

Senator O'BRIEN—That is one part of the question.

Dr Horne—You will recall that the Murray-Darling Basin as a whole is made up of 22 catchments and, in fact, the overall cap is made up of 22 individual caps aggregated up to one

cap. We have the CSIRO study going on at the moment, which will provide information for each of those individual valley level caps and, as a result of that process, when you aggregate it up, if there are reductions required in some of those, we will see what the aggregate number is and, if it is a smaller number, then the answer is yes, it will be reset.

Senator O'BRIEN—Are there 23 caps that are going to be reassessed?

Dr Horne—That is right.

Senator O'BRIEN—Well, 22, leading into a greater cap.

Dr Horne—Yes.

Senator O'BRIEN—The outcome of that study will determine whether there is a downward adjustment in any of those caps?

Dr Horne—That is correct.

Senator O'BRIEN—How can the water sharing plan remain the same if there is a change in a particular catchment in a particular state? Are you going to adjust backwards? If there is a change in a cap in a Queensland catchment, which goes down, it would bring the overall cap down, but if the proportion of Queensland goes down, does that mean that they will lose part of their water share as a proportion?

Mr Borthwick—I will stand to be corrected but, once the system has been done on that catchment-by-catchment basis, the Commonwealth's proposal is that, once that has been reset, the shares will remain of whatever that overall cap is as they currently are.

Senator O'BRIEN—It does not matter what the catchments in particular states are, if the overall cap comes down five per cent then each state's allocation will come down five per cent. Is that what you are saying? Are you saying that, if the overall cap is reduced by five per cent, then each state's share will come down by five per cent? Is that how I should understand it?

Dr Horne—No. What we will simply have is this: let us say with catchment A we see a need for a reduction of some percentage—let us say 10 per cent. We will then look to various elements of the plan to try to reduce the amount of entitlements within that catchment, to bring that catchment back into balance. That will be through irrigation district purchases and various addressing of overallocation savings.

Senator O'BRIEN—How can each state's share stay the same if you are going to make a catchment-by-catchment adjustment?

Mr Borthwick—We will take that on notice and come back with an answer. The Commonwealth was very clear that it did not want to upset the arrangements with the states in the first instance. It did not want that to be an issue in terms of the discussion. What will subsequently happen in terms of the CSIRO study making some adjustments would be down the track, and that was a process that all the first ministers had set in train. We are really trying to stage this, in effect, but the exact articulation of this policy we will set out for you.

Senator O'BRIEN—I am trying to get an understanding of it. For example, if the Lower Balonne is cut by a third, then it must affect Queensland.

Mr Borthwick—The key point in all this is—for example, South Australia is very concerned that they get water and that was integral to the arrangements in terms of the current Murray-Darling Basin agreements. We wanted to make it clear that the arrangements that guaranteed water to South Australia would not be affected by this.

Dr Horne—That is the key point about South Australia and the relationship to the other states in different environments, be it a normal accounting period or special accounting period, as we are in now.

Senator O'BRIEN—Therefore, it is not the case that the relationship between New South Wales, Queensland and Victoria will stay the same, because there will probably be different adjustments in the different catchments in each state and overall that will affect what each state gets? Is that right?

Dr Horne—Yes. I do not have a problem with that.

Senator O'BRIEN—What does the government mean when it talks about the removal of exit fees in relation to the water buyback framework?

Dr Horne—the market and for any purchase of water on the market we would expect to pay the normal exit fees that anyone who purchases water on the market would have to pay. An example of another area where we can become holders of water will be as a result of where a proposition is put to us by an irrigation company to help them to reconfigure an irrigation district so that it is more efficient. In a proposal like that we would seek from the irrigation company an exemption from exit fees because we have effectively helped them to configure and upgrade their irrigation channel so the sorts of costs they would have previously incurred they will not incur in an ongoing sense.

Senator O'BRIEN—In effect, what you are saying is that if there are farmers who want to exit their water entitlement in a channel system, that the government will pay to upgrade that system so that the cost of maintaining the system for the remaining farmers is no greater. Is that how I should understand that?

Mr Thompson—In general terms that is right. Effectively exit fees are put in place to deal with the stranded asset problem and the extra impost or cost on the remaining irrigators as a result of some leaving. If government steps in to provide a subsidy or a grant to help with infrastructure, then that removes the problem, so you are correct.

Senator O'BRIEN—How much do you envisage will be allocated to that aspect of the package? Have you any idea?

Dr Horne—At this stage we could not give you a precise because we do not know the extent of the proposals that will be coming from the irrigation districts versus how much water we might need to purchase on the open market. We really do not have a sense of those proportions at this point in time.

Senator O'BRIEN—I take it you do not have a price for the water that you are going to buy?

Dr Horne—No, we do not. That will vary from season to season.

Senator O'BRIEN—In a global sense, how much of the \$10 billion is set aside to buy water? Is there a part of that envisaged to be the water purchase component?

Dr Horne—You cannot break it down in that way. The Commonwealth will become the holder of water as a result of some of the investments that the Commonwealth makes in irrigation districts and the various components of the modernisation of irrigation districts, and some other parts of the program as well.

Senator O'BRIEN—Is it true, as the NFF believes, that the government wants to manage annual allocations against water licences?

Dr Horne—That is a matter which is currently being discussed with the states.

Senator O'BRIEN—Does that require agreement? What does—being discussed with the states, mean?

Dr Horne—We are talking about a number of things with the states at the moment and while those discussions continue I would prefer not to make a definitive comment on that issue.

Senator WONG—I understand that you have not got agreement with the states so what is the Commonwealth seeking?

Dr Horne—Because that is a part of the negotiation with the states, I do not think at this point in time it would be appropriate to say.

Senator WONG—You are refusing to answer the question. Can you give us the ground? Is it public interest?

Senator Abetz—No. What we are saying is that a substantial number of things are still up for negotiation.

Dr Horne—My attention has been drawn to the fact that there is a document in the public arena which does set out a position on this. I should say that in that document it suggests that the Commonwealth will be responsible for seasonal allocation decisions.

Senator O'BRIEN—Is the government prepared to set up a consultative group to address concerns from the farming community about this matter?

Dr Horne—Yes, absolutely.

Senator Abetz—As Senator Kemp will tell you, we are a very consultative government.

Senator WONG—Is that why you have had to reconsult on MIS?

Senator Abetz—There has never been too much consultation.

Senator KEMP—We have always been very happy to listen to people.

Senator WONG—Yes, you are well know for that.

Senator KEMP—We are very well known for that.

CHAIR—We do have a scheduled coffee break at 9.30. I suggest we suspend now for a coffee break and resume at about half past.

Proceedings suspended from 9.19 pm to 9.33 pm

CHAIR—We will resume this meeting. During the course of this break we have had a private meeting of the committee about the agenda and the view of the senators is that water will occupy the rest of this evening. So, accordingly, everybody related to all the divisions

listed under the department I think might as well go home and we will see you all on Friday at 9.00 am here, or whatever room we are allocated. This committee does have a designated spillover day, which is a matter of some regret perhaps because it appears to be going to be used fairly fully.

Senator WONG—There is a bit of editorialising there, Chair.

CHAIR—So basically the rest of this evening is going to be water. All other division are free to leave but hearing will continue on Friday morning in this room at 9.00 am. So if all those divisions could be here for that. Thank you very much. We will now proceed. Senator Wong:

Senator WONG—Thank you very much. Just following up on the questions—

Mr Borthwick—I believe you were after some information earlier from the National Water Commission, Mr Costello—

Senator WONG—Is in a position to now answer, yes?

Mr Costello—The breakdown of funding from the \$200 million funding from the Australian Government Water Fund was announced on 25 January. There are two sources of that funding, Water Smart Australia program and Raising National Water Standards. There are 16 projects under Water Smart Australia, an amount of \$165 million and there are 28 projects for an amount of \$56 million from the Raising National Water Standards program.

Senator WONG—In which states are these projects located?

Mr Costello—I can give that information for the Water Smart Australia program because they are essentially on ground projects. A lot of the Raising National Water Standards projects are what we would call national projects. They are development of guidelines or research type—other information that is not geographically specific. But for Water Smart six New South Wales projects, five Western Australian projects, two Tasmanian projects, two South Australia projects and one Queensland project in that tranche of projects.

Senator WONG—Have the relevant states been advised about these projects?

Mr Costello—Yes, they have.

Senator WONG—As of when?

Mr Costello—Those letters would have been despatched last week.

Senator WONG—Subsequent to the 24 January announcement?

Mr Costello—Yes.

Senator WONG—And that is in relation to all 16 projects?

Mr Costello—Yes, they have been advised in confidence and not to disclose details until public announcements have been made.

Senator WONG—Of the 28 projects comprising \$56 million in the Raising National Water Standards, you said a number of those are national. Are any of those state specific?

Mr Costello—Some of them would be.

Mr Thompson—Some of them would be state specific. Because of the nature of that program the projects are chosen to advance the national water initiative not only within states but across jurisdictions as well. Even where they relate to investments within individual states we look for benefits delivered across states.

Senator WONG—So how many of the 28 are state specific in that component?

Mr Thompson—I do not have that answer to hand. I can take that on notice if you like.

Senator WONG—If you could take that on notice. Can you also tell me—and in relation to those—have the proponents or the states also been advised.

Mr Thompson—They have.

Senator WONG—In the same timeframe you described as previously?

Mr Thompson—Yes.

Senator WONG—And the timetable for the announcement of the projects, can you tell me about that?

Mr Costello—That is a matter for the minister.

Senator WONG—So have any been announced?

Mr Costello—Yes, there are three with the Water Smart Australia projects so far.

Senator WONG—Are the projects that have been agreed to, how many of those relate to proposals from the states and how many relate to proposals that have been developed out by the Commonwealth?

Mr Thompson—Are you talking about the Water Smart Australia proposals?

Senator WONG—We can start with those, yes.

Mr Costello—None of them would be proposals from the Commonwealth.

Senator WONG—Or developed by the Commonwealth, I should say.

Mr Thompson—The Water Smart Australia projects are projects that emerge from round 2, which is a call and it is a competitive program.

Mr Costello—And they may be from the state governments; or they may be from other organisations as well.

Senator WONG—How many are from state governments?

Mr Costello—No, not all of those 16 are from state governments. That is the total number of—

Senator WONG—Yes. No, that is what I understood you to be saying, so I am saying of the 16 how many are? You referred to other organisations as well.

Mr Costello—One of the very significant—of the projects that have been announced to date, the New South Wales Rivers Environmental restoration program, from the state government of New South Wales . there was another project announced—

Senator WONG—Mr Costello, I can get the announced ones. In relation to the 16, how many of those were proposals from state governments and how many were not?

Mr Thompson—So as not to waste time we will come back to you. We do have those numbers, I think.

Senator WONG—That would be great. What about in the Raising National Water Standards?

Mr Thompson—There are two pathways in that program. One is what is called commissioned work so that is work that is initiated by the commission to be provided externally to fill gaps that we identify in the water reform agenda. Then there is a call pathway, which is a competitive grants call. I have been advised that 15 were from the call and the remainder were what we call commissioned pathway.

Mr Costello—11 projects of the 16 Water Smart projects were submitted by state governments.

Senator WONG—So can you tell me who submitted the other five?

Mr Costello—There are irrigation companies and corporations involved.

Senator WONG—In relation to the other five?

Mr Thompson—The other five included private sector entities but also included irrigation companies, corporations.

Senator WONG—I think you said 15 of the 28 were call projects, tendered for competitively.

Mr Thompson—That is right.

Senator WONG—What are the organisations tendering in those, state governments or are they private sector organisations?

Mr Thompson—Both, research organisations, water consulting companies, those sorts of things.

Senator WONG—I wish to follow up on a couple of questions that Senator O'Brien was asking regarding the structural adjustment component of the package. As I understand the answers given in that part of the questioning, there is no average price per gegalitre assumed in the \$3 billion costing; is that right?

Dr Horne—That is correct.

Senator WONG—Was any modelling done of the impact on jobs?

Dr Horne—No explicit modelling has been done on jobs, because the intent of the package is to ensure that the output in the regions and the irrigation sector as a whole is sustained. Clearly where there are particular irrigation districts that are affected more than other districts, which is at least technically possible, there will be resources available to facilitate structural adjustment. Under a trading environment we are seeing resources move all the time from some irrigation districts up and down the river according to the demand for water and the expansion and the retraction of particular industries.

Senator WONG—Yes, I understand that. So there has been no modelling of any impact on employment? Has there been any modelling of any impact on industry, for example, how many irrigators might have to exit the industry?

Mr Borthwick—No, there has not. Again, I hope these remarks are helpful by way of background. When the CSIRO undertakes their study of the catchments in terms of the overallocation question, that is one assessment—one input—that will inform first ministers in terms of the overallocation question. What the government also indicated was that it would undertake socioeconomic analysis which would also inform that assessment. It was a combination of having the good science plus the socioeconomic analysis, which would inform decisions in terms of catchment-level arrangements. It is at that stage, once we have CSIRO's assessment of what needs to be done, that we would commission, where we think it is appropriate, the socioeconomic analysis to get a handle on the effect on irrigators and local communities. We fully intend to involve both the states and the communities concerned in that assessment. That process gives effect to the National Water Initiative prescribed approach in terms of how these decisions should be made, but we did not do that work in advance, which is I think implicit in your question.

Senator WONG—Just to clarify, in terms of the \$3 billion the Commonwealth says is available for structural adjustment and purchasing entitlement, the government has done no modelling of any impact on employment, no assessment of the numbers of people who might have to exit the industry, and has not costed any price for purchasing entitlement?

Dr Horne—As far as it goes, that is correct, but what that statement leaves out is really the change from the default position. If there is not a program of this sort, with the reduction in water availability we can be very sure that there will be adverse effects on irrigated agriculture in the basin—very substantial effects on our irrigated agriculture—as we can be sure there will be substantial effects on the environment and industries related to the environment.

Senator WONG—I do not disagree with you, Dr Horne. I am from South Australia, a state which you know. But the point I am making is: how can you tell people in the announcement that you have allocated \$3 billion when you have not done any of the analysis I have described? The Commonwealth is in a position where it does not know whether \$3 billion is too much or not enough in terms of structural adjustment.

Dr Horne—I do not think that is fair. What the \$3 billion represents is an estimate of the likely resources needed to address this problem. The Commonwealth has set aside up to \$3 billion to address the issue of overallocation.

Senator WONG—How have you determined the likely resources required? Surely the likely resources required for structural adjustment and purchasing entitlement requires you to assess what the likely impact on industry is, how many irrigators might have to exit the industry, how many licences you might have to purchase back and what job impact there might be?

Dr Horne—It requires us to have an understanding in the first instance of the extent of overallocation, and driving off that assessment of how much overallocation there is, looking at prices that are paid in different parts of the basin for permanent water and making some estimates about the extent that structural adjustment might be required. Until we see—

Senator WONG—How do you make that judgement? If you do not know the extent of the adjustment that you are likely to seek—that is, as I said, buyback, anybody exiting the

industry—how can you make a judgement about the parameters of the costings for structural adjustment?

Dr Horne—The costings of structural adjustment per se—we have not put on the table an estimate precisely for that, because that would effectively inform the market that we are prepared to pay a certain amount of money for an amount of water. That is not our intention.

Senator WONG—That is a slightly different answer, Dr Horne.

Dr Horne—No, it is not.

Senator WONG—I can appreciate if you say to me, ‘We have determined a price per gigalitre or megalitre’—

Dr Horne—No, we have not.

Senator WONG—They are two different answers. On the one hand you say, ‘We don’t want to inform the market.’ That is a reasonable proposition. I can understand that. One answer might be, ‘We have done it, but we do not want to tell people because that might drive certain market behaviour.’ On the other hand, as I understand your answer, you have not done it; you have not determined a price?

Dr Horne—What we have done is we have looked at what we consider is the size of the problem, and that work will be informed. As time goes on, as we have indicated in answers to earlier questions, it will be informed by the CSIRO study, which will give greater definition to the size of the problem. Then we will set about seeking to find those areas, and we expect that irrigation companies will identify some areas that they consider need taking up. We expect that some irrigators will come to us and say, ‘Make a proposition’, and on the basis of that we will.

Senator WONG—In terms of the Prime Minister’s announcement and this one page of costings, it seems to me from what the Prime Minister said and the document produced that any structural adjustment is limited to irrigators? Do I assume therefore there has been a policy decision made that any associated job impacts would not be eligible for structural adjustment?

Dr Horne—The statement does not necessarily mean that the structural adjournment is limited to individual irrigators, and if there are issues more broadly in particular irrigation districts the government, I am sure, is prepared to look at the issues for those districts.

Senator WONG—Dr Horne, ‘it doesn’t necessarily mean’ and ‘I am sure the government will look at it’ are hardly statements of clear entitlement. I am asking about the parameters of your structural adjustment entitlement. Is it the position of the government that structural adjustment will be available to persons affected other than irrigators, for example, employees?

Dr Horne—I am not sure that I understand that question.

Senator WONG—Presumably you might have an irrigator who employs someone. I am asking: does the structural adjustment package extend to an employee or only the person who holds the licence or the water allocation? You can just say yes or no.

Mr Borthwick—I do not think I want to say yes or no to that.

Senator WONG—Do you know?

Mr Borthwick—It depends on what proposals comes forward. Part of this is directed to irrigators, but we are open to the suggestion, if there are particular communities that might be affected by things, to consider the nature of those effects and design a program, if need be, around those effects. But in terms of breaking it down in the way that you are trying to draw out, we have not got to that point.

Senator WONG—I was not asking for a breakdown. Are you offering to give me a breakdown of the \$3 billion. Do you have a breakdown of that?

Mr Borthwick—No, we have not.

Senator WONG—So we are clear that you are not going to give me that.

Mr Borthwick—You were trying to break down—

Senator WONG—No, it is about what the policy parameters are. I am saying that the government has announced a certain amount of money. Who is in the pool?

Mr Borthwick—What I suggested in terms of this is that we will be informed by the CSIRO study. If need be, we will be informed by talking to irrigators and local communities and we will be informed by socioeconomic analysis in terms of what is undertaken. According to that, we will devise a program to meet the particular needs. Saying what is in or out at this stage is not helpful, because it will depend on what comes forward. Clearly we have made some broad judgements in terms of the overall composition of the \$3 billion. But are we going to disaggregate and say exactly what is in or out? No, not at this stage.

Senator WONG—How do we determine the \$3 billion if we do not know what is in or what is out?

Mr Borthwick—You are not determining the \$3 billion. The government has announced that \$3 billion is available.

Senator WEBBER—How will the government determine it? Who is in and who is out?

Mr Borthwick—I have indicated what the process will be, and I cannot elaborate on more than the process we will be undertaking and then advise the government as to what is the best course or courses forward.

Senator WEBBER—For every other restructuring package that government brings to the table—be it drought relief, be it anything else—they give us a figure and they can tell us, because they have looked at the impact of their policy decision, who is in and who is out. Drought relief, for instance, very clearly takes into account small businesses affected. But you can give us \$3 billion and we do not know what is going to happen.

Mr Borthwick—For precisely the reasons that we have identified, there is a process that has been set in train, which was agreed back in November by first ministers in terms of forming an assessment at a catchment level. We cannot tell you exactly the nature of the overallocation and then what the effect will be.

Senator WEBBER—These are very similar sectors with very similar constituent groups to talk to.

Mr Borthwick—We will be talking to those groups in forming a judgement.

Senator WONG—Would this announcement be best characterised as a work-in-progress?

Mr Borthwick—No, it is not. In terms of the National Water Initiative, it set out that governments might consider structural adjustment if need by communities affected. All we are doing is reiterating that that is a possibility that will be considered in this arrangement as well.

Senator WONG—Will \$3 billion be enough?

Mr Borthwick—Yes, we believe so.

Senator WONG—Can you guarantee that?

Mr Borthwick—I do not think that it is a matter for me to guarantee that or not.

Senator Abetz—Really, Senator.

Senator WONG—That might be your view, Minister, but the government has made an announcement where they are indicating \$3 billion for purchasing entitlement and structural adjustment. You are telling us that you do not know how much you pay for water. You are unable to tell us whether it would be only irrigators or other small businesses or employees affected. You are unable to tell us the extent to which this will cover people exiting the industry, and yet you are saying, ‘We believe it will be enough.’

Senator Abetz—What we have made available is—if I can use the term—a pool of money from which monies will be expended in all of those areas that you have mentioned. But we are still to determine precisely the allocations. That is going to depend on a whole range of factors.

Mr Borthwick—Basically, whether it is the \$6 billion or the \$3 billion, that money is capped. The programs will be designed to meet those caps.

Senator WEBBER—We have ballparked the amount of money and we make the program fit it?

Mr Borthwick—No, that is not what I am saying. We formed some overall judgements to give some verification behind those numbers as Mr Costello was running through.

Senator WEBBER—Overall judgements but we are not sure who they are going to extend to?

Mr Borthwick—We are not being drawn into the elaboration of what a structural adjustment package might be, because that will depend on the circumstances and it will vary from catchment-to-catchment, et cetera.

Senator SIEWERT—How did you pick the \$3 billion figure?

Dr Horne—\$3 billion came out of what was really our assessment of the magnitude of the problem that needs to be addressed so that we can move the system basically back into a sustainable balance and then move on, and in the subsequent stages the risk-sharing arrangements under the National Water Initiative would kick in. Post 2014 those arrangements would apply and the market could fully operate. Without recalibrating the system to the degree which is underlying the estimates in the numbers, we think that the progress in reform of water will be curtailed. What we are trying to do here is provide an amount of money that will address that issue.

Senator SIEWERT—Where are the calculations that people can look at and say, ‘Yes, I think that is about right’? Where are the calculations for the \$3 billion? I do not think that is that difficult a question to ask.

Senator Abetz—It is very easy to answer. You have been given a detailed response in relation to the position.

Senator SIEWERT—No, we have not.

CHAIR—You have in fact been given a pretty good explanation. They cannot give you a detailed breakdown assessment of the costs they are talking about as—

Senator SIEWERT—If you cannot do it, how did you set that level?

CHAIR—It is based on their long-term assessments and previous experience of what they think this is going to cost.

Senator SIEWERT—In other words, you should be able to provide that. It is the same argument that we were using previously for the 1,500 gigs and the 1,200 gigs. Where is the information on which it is based?

CHAIR—What I am really trying to say is that you may be seeking details the officers cannot give you at this stage.

Senator WONG—I could more easily accept that argument, and then we would have an argument with Senator Abetz, no doubt, about whether the question should not be answered and whether the ground they were claiming was appropriate. We could do that, but as I understand the answers in relation to many of these questions this level of detail is not available. They have not done that modelling. They do not have this particular assumption.

Senator Abetz—We have indicated to you that the figures were determined as a result of getting the best expert advice available to us. As I indicated to you, figures of \$3 billion and indeed \$10 billion are very round figures. The documentation says words to the effect of ‘estimates of up to’ gicalitres of water will be saved et cetera. Nobody has at any stage pretended that we have costed this to the last cent and to the last drip of water. If we are going to get a scheme up, money had to be allocated. The large lumps of money that have been made available, in anyone’s language, indicates the seriousness with which the government treats this issue, and with the goodwill that has come to the table in making such a large sum of money available. It now remains to be determined exactly how that will be allocated, because it is a capped figure, as the officials have been telling you.

When you have a certain sum made available and a cap on that figure, this will be determined in due course. If we were to say that we are going to dig 100 kilometres of channels or line 100 kilometres for channel for \$1 million, if you are contractor, what are you going to say? They have got 100 kilometres costed at \$1 million. We will divide that and that is the cost that we are going to put our quote in at. You are telling the market exactly the sorts of prices that they ought to be quoting. It stands to reason that, if you want it competitive, if you want value for taxpayers’ dollars, that you leave it open to a competitive system, albeit we will be intervening, as I understand it, with the hotspots and things of that nature, which still have not been fully determined.

Senator SIEWERT—I cannot find the Prime Minister's statement but it was along the lines that we will once and for all deal with overallocation in the Murray. I have heard nothing tonight about the \$3 billion that convinces me that it will accomplish that, because you cannot provide the basis on which you have made those decisions. You say it is with expert advice. I really cannot understand why you cannot tell us what that expert advice is.

Dr Horne—I am not sure that I can really add very much to what we have already been through.

Senator SIEWERT—I do not think that I am going to get any further with that. I would like to ask a specific question about allocation of some of that money for hotspots. As you would be aware, there are a number of wetlands in dire straits and there are a number of wetlands, for example, that Mr Kingsford has identified as high-priority wetlands in the Murray-Darling system, Macquarie Lakes, Gwydir, and the list goes on. Will they be targeted as a matter of priority?

Dr Horne—There have been no decisions taken on that yet.

Senator SIEWERT—When are decisions likely to be made?

Dr Horne—When we have a better understanding from the results of the CSIRO studies about the hotspot catchments where the first activity of the Commonwealth will be focused.

Senator SIEWERT—The wetlands that are in dire straits now and that we know are in dire straits?

Mr Borthwick—It is envisaged that one of the first jobs to be undertaken under these new arrangements will be to work up a basin-wide environmental watering plan. That was in the material that was passed at the Premiers' last week. That environmental watering plan will identify which priority areas should be uppermost in our mind.

Senator SIEWERT—How long is that going to take?

Dr Horne—I imagine it will be within the next 12 months.

Mr Borthwick—It will be informed by the CSIRO study and it will be a high priority. It will be one of the first cabs off the rank.

Senator SIEWERT—Does that mean the wetlands will have to wait another 12 months? Is that what you are saying?

Mr Borthwick—No, that is the starting position.

Mr Thompson—That is for a couple of reasons. The National Water Commission has recommended projects, which have been approved, in relation to providing water for some of those wetlands that you talked about.

Senator SIEWERT—Can you tell me which ones?

Mr Costello—There are two specific projects. If you are talking about New South Wales—the Macquarie and the Gwydir. We funded one called the New South Wales Wetland Recovery Plan, and that is now being built on with the announcement of funding for the environmental New South Wales river restoration package projects. They have come from the department—one from the Natural Resources and the other from the environment and conservation departments. We are working very closely with them. That will involve some purchase of

water and provision of additional environmental water to those wetlands that you have mentioned.

Senator SIEWERT—What is the other one?

Mr Costello—There are two. One is the Wetland Recovery Plan, and the other one is—

Senator SIEWERT—Are they both for the Gwydir?

Mr Costello—No, they cover a range of sites. The first one, which was announced out of our first round of projects, was for the Gwydir and the Macquarie Marshes. The new and larger expanded program that was just announced in recent days covers both of those two sites, plus the Cumbung Swamp on the Lachlan and the Lowbidgee Wetlands. They are really the significant terminal wetlands in New South Wales inland rivers.

Senator SIEWERT—That was a package for New South Wales?

Mr Costello—Yes.

Senator SIEWERT—There is a number that have been identified in South Australia.

Mr Costello—There are South Australian wetland projects as well—Bool Lagoon and the Coorong and so on that we are funding.

Senator SIEWERT—When was that announced?

Mr Costello—On Wetlands Day just recently in the last week.

Senator SIEWERT—On the 2nd?

Mr Costello—Yes.

Mr Borthwick—All the existing arrangements that have just been outlined will continue to apply and will be considered on their merits. It is also envisaged that the Living Murray arrangements, which was agreed by the Commonwealth and the states in terms of those so-called icon sites, with that separate amount of money, will continue as per current arrangements, and the environmental water plan for the whole of the basin would be one of the Commonwealth's highest priorities once these new arrangements are in place. We will consult with the states and the catchment management authorities in making sure that that is integrated across the basin and in turn flows down at the catchment level in terms of environmental management. We are also conscious that there will be a number of different parcels of environmental water. There will be the water that the Commonwealth will get back out of this initiative, through the irrigation efficiency savings—

Senator SIEWERT—The 600 gigs?

Mr Borthwick—plus whatever we purchase in the market. There will be a Commonwealth environmental water manager, and they will need to work with the environmental water that will be held by the states under the Living Murray arrangements or they might be held by non-government organisations or whatever, to make sure that we approach that on an integrated way across the basin.

Senator RONALDSON—What is our intention for tonight?

Senator SIEWERT—We are trying our best to finish water.

CHAIR—We should aim to do that.

Senator SIEWERT—I am not going to give an ironclad guarantee.

Senator RONALDSON—I am only asking because I will not engage in it. If our intention is to try to get it done tonight, then I am happy to leave the rest of the night to you if that will facilitate this.

Mr Borthwick—Can I inform the committee that it would be highly desirable if we could finish it tonight, because we are meeting again with the states in Sydney on Friday to progress the initiatives. Water officials will be preoccupied on Friday at the Commonwealth-State meeting.

CHAIR—That is a very relevant consideration.

Senator WEBBER—That is a consideration that has just been raised with us.

CHAIR—Nevertheless, we have spent a lot of time on water and there is no reason why we cannot take questions on notice at the end.

Mr Borthwick—We can take questions on notice. Our apologies. We are all working with the states today and that is why, unfortunately, I was late to the estimates hearing. We have a lot of work to do before the Prime Minister meets with the Premiers next Friday in terms of this.

CHAIR—Thank you very much. I remind everybody that these are supplementary additional estimates and we will be back for estimates in a couple of months' time when all of these matters can be explored more fully.

Senator WEBBER—And a whole new budget can be considered, too. This is a significant announcement that I would have thought would be worthy of some consideration.

CHAIR—It is general knowledge that the Premiers were meeting again with the Prime Minister on Friday.

Senator WEBBER—That is because they did not sign up at the first meeting.

CHAIR—I do think that adds another dimension to it. I would ask for cooperation.

Senator Abetz—For a lot of the questions we have been asked in the past about this officials have in fact answered by simply reading from this document. You would think that anybody interested in the water issue would have availed themselves of this, rather than getting officials to repeat that which is in a public document. Previously, we have had Senator Wong—

Senator WEBBER—We are trying to get some additional information.

Senator Abetz—asking who was appointed to a particular board when that had been announced by way of press release and was already in the public domain. It is up to opposition senators how they ask their questions, but really there has not been the best allocation of resources.

CHAIR—I would ask for cooperation and consideration of the demands on the officers before us today in terms of their obligations on Friday, and that we seek to cover as much ground before 11 o'clock and then put whatever is left on notice.

Senator SIEWERT—Can I clarify that what we have been after is additional information to what is in the plan and what we have been told is stuff that we could read in the plan.

Senator WEBBER—Exactly.

Senator Abetz—No, that was at the beginning. When governments have a bucket of money available—as I indicated before with the community water grants, for example, and the sum of money made available there—if you were to ask exactly how it was determined, how many dual-flush toilets would be installed with that sum of money or how many bowling greens would be changed to using recycled water, et cetera, we could not tell you. A sum of money was made available that was deemed an appropriate sum to deal with the issues that the community was facing. That is what you have been told. You want to drill deeper. At this stage until such time as monies are allocated you are not going to get an answer.

Senator SIEWERT—Yes, and I had moved on, because I realised that I was not going to get an answer. I would like to go back to the issue of the environmental flows and how it relates to the cap. I did not quite follow how you were going to be determining the cap. I do not see how it is going to work. The cap is No. 6 of the water plan, and it talks just about a sustainable cap. If I understand what you said earlier, on the basis of an assessment of each catchment you are going to allocate a cap for each catchment and then that will be worked out to an overall cap for the overall Murray-Darling. For the time being are you doing that per state? Is that correct?

Dr Horne—Perhaps I can start from the beginning. Currently in the Murray-Darling Basin we have an overall cap that is built up from the caps in each of the 22 catchments.

Senator SIEWERT—We have a cap for each state, too?

Dr Horne—No, we have caps just in the catchments. We do not have particular caps for states.

Senator SIEWERT—It is just that Queensland is not meeting its cap in each of its—

Dr Horne—We then say that we think there is an overallocation problem in a number of those catchments but we are not sure where and to what extent, so we have commissioned the CSIRO to undertake some detailed studies. When they come back, we will take the information that the CSIRO provides and we will basically add a socioeconomic dimension to that and come to some judgements about how much the cap in that particular catchment needs to be reduced. That process will take place. We then have to say, if we are reducing the cap, that is going to reduce the amount of water that is used in a particular catchment, and we will seek to help to sustain the amount of output from irrigation within a particular catchment by helping the irrigation communities there to upgrade their particular district so that they can continue viable businesses using less water. At the same time we will garner the extra water and that will be set aside in an environmental manager. We will then be able to use that water to ensure that various environmental outcomes within the basin are achieved.

Senator SIEWERT—I have two questions that flow from that. It says there are various allocations to ‘set and administer a new cap’, \$100 million?

Dr Horne—That is right.

Senator SIEWERT—Is that to do that process?

Dr Horne—That is to do that process. That is ongoing. Over the 10 years we will have people looking at and doing work through that period to make sure that the system is maintained in balance, and the intention is that the Commonwealth would take over the allocation function. We have to understand each irrigation season how much water is available. There would be various rules set out. We have to understand how much water is available to the irrigation communities. And then the provision. It is really about going through all of those details to get to the bottom line.

Senator SIEWERT—The target used to be the 500 gigalitres in the Living Murray. There are a number of areas now within the plan that are targeted for additional water, and a lot of that will go environmental flows. Is there now a new target for environmental flows?

Dr Horne—No. As a result of this plan there will be a substantial increase in the amount of water that is available for the environment, and clearly the environmental outcomes that will be able to be achieved as a result of the plan should see a massive increase compared with the Living Murray initiative.

Senator SIEWERT—I appreciate that is the idea, but you do not have a target.

Senator WEBBER—Does that mean that there is a new target? I would have thought that the old target was aimed at achieving that, too.

Senator SIEWERT—No, it was not. It was the minimum lowest common denominator.

Senator WEBBER—Yes, but it was mean to provide more water.

Senator SIEWERT—Yes.

Senator WEBBER—This is a yes/no. Is there a new target?

Mr Borthwick—No, there is not. Unlike the \$500 million for 500 gigalitres, we did not articulate the new arrangements that way. Clearly the intention is to secure water for the environment, and it is over and above the 500 gigalitres.

Senator WEBBER—I understand that. I was trying to work out whether we had an end target.

Mr Borthwick—Yes.

Senator SIEWERT—I would like to go back to some administrative arrangements. Does anyone have any other questions that fit in here?

Senator BARTLETT—I would like to ask a few questions about the northern Australia part of the package, if that has not already been covered. I have been in and out a little bit. The government has stated that it is going to establish a task force chaired by Senator Heffernan. Are you able to tell us who is on that task force or even how big it will be and what its expected composition will be?

Dr Horne—Not at this stage. Those matters are still under consideration.

Senator BARTLETT—Do you have any general guidelines? Is it going to have representatives from certain sectors? Is there a general expectation that it will have six people or four?

Dr Horne—At this point I cannot give any further details on that.

Senator BARTLETT—The announcement states that the funding for the task force will be \$20 million over five years from the water fund. That is from existing money; is that right?

Mr Borthwick—We will be drawing on funds that are available to the National Water Commission, and we will be servicing the task force as a collaborate exercise between the Commission and the department.

Senator BARTLETT—Is the \$20 million just for the task force to do its work?

Mr Thompson—It is for the assessment. There is a task force, which will be established, and then there is an assessment that will inform the task force.

Senator BARTLETT—Is that research?

Mr Thompson—Yes, that is right.

Senator BARTLETT—Reports are to be provided regularly to governments and key stakeholders commencing this year, with the final report no later than five years time? Is that reports from the task force or reports from the research—

Mr Borthwick—It will be reports from the task force. The idea here is to have a transparent process, which will draw on environmental, scientific and agricultural expertise for that information to be provided into the public arena over those five years to better inform the debate on what issues are involved in it.

Senator BARTLETT—I appreciate that you have not determined the size of the task force and those sorts of things yet, but can you give me an idea of what process is being followed to make those decisions? Is it being done in consultation with the states or other stakeholders?

Mr Borthwick—I do not think so. The intention will be to establish terms of reference and how the task force will operate as soon as possible.

Senator BARTLETT—In terms of the map that came with it that detailed what was assessed as the two main drainage divisions in the north, I would at a very quick guess assume that a sizeable percentage of that is Aboriginal land. Can we get a guarantee that there will be Aboriginal representation on the task force?

Mr Borthwick—Without being drawn in, that is obviously going to be a critical input in terms of this. It is a reasonable premise that you are basing your question on.

Senator BARTLETT—It is across some very diverse areas, across three different states and territories.

Mr Borthwick—Exactly, yes.

Senator BARTLETT—It would not be totally out of the question that there might be more than one?

Mr Borthwick—I do not want to get drawn into it, but we are very aware of the need for Indigenous involvement there. They own a lot of the land and a lot of the coastline, et cetera, so they will need to be involved and included in the task force in some capacity, but that is to be determined.

Senator IAN MACDONALD—I would assume that a lot of the land would be including that which is owned in freehold?

Mr Borthwick—Yes.

Senator IAN MACDONALD—Most of the gulf country is as well, together with the Burdekin Basin and the Dawson Basin, Kununurra and the Ord River.

CHAIR—There is a huge amount of private area around there.

Senator IAN MACDONALD—Is there?

Mr Borthwick—All I should say at this point is that a wide range of skills will need to be drawn upon in terms of who should be on the task force and from where the task force will draw its expertise. I do not think it will be too long before all of this is—

Senator IAN MACDONALD—Would you like to take that on notice?

Mr Borthwick—No, I think the government will decide when it wants to announce this in its own course. I am just saying that we are aware of the sorts of issues that Senator Bartlett is raising in terms of the composition.

CHAIR—Relevantly, you do not need to reinvent the wheel. In the 1980s and 1990s there was an organisation called the North Australian Development Council, which held north Australia development conferences in a different jurisdiction every year. There was a topic or a theme to every conference. I went to them in the WA, the Northern Territory and Queensland. There is a great archive of information already there in the state jurisdictions.

Senator IAN MACDONALD—There is a great archive of information from the Northern Australian Forum a few years ago, too.

Senator BARTLETT—I am conscious of the time so I will just ask one final question about this. I am curious as to how it fits into the rest of the package. It is fairly different. The funding is coming from an existing source. It is looking at the potential for future development into different areas rather than managing existing water usage. Is this task force dependent on all the other things falling into place before it is going to occur, or is it something that is likely to happen independently?

Dr Horne—The whole plan is conditional on the agreement with the states on transfer of powers. As you suggest, there is a difference in this element and it is really about adaptation. Some areas in the south-east, particularly in the Murray-Darling Basin, which are the focus of the package, really have reduced water available, but there is an intention to understand more about northern Australia and to look at whether there are opportunities.

Senator BARTLETT—The powers that the government is seeking a transfer on relate only to waters in the Murray-Darling Basin and it is not seeking a transfer of the northern Australia waters?

Dr Horne—No, it is just in the Murray-Darling Basin.

Senator BARTLETT—I will leave that section there.

Senator WEBBER—I would like to return briefly to the Murray-Darling Basin. I would like to have a conversation about some of the press coverage that was not long after the famous announcement that said there was not enough money in the announcement. The *Australian* of 8 February stated ‘\$900 million leak in Murray Plan’:

If the current natural resource management strategies are to be maintained, there appears to be insufficient funding to offset a withdrawal of jurisdictional contributions, the Murray-Darling Basin commission said.

Are they right?

Dr Horne—No, they are not.

Senator RONALDSON—It is totally inappropriate for these officers to be commenting on press speculation.

Senator WEBBER—It is a direct quote from the Murray-Darling Basin Commission.

Senator Abetz—As I understand it, this one was corrected on the public record.

Senator WEBBER—It looks like Dr Horne knows the answer.

Dr Horne—This is in fact on that—

Senator WEBBER—This is something that we do know the answer to so we might like to progress this.

Senator Abetz—It is. That is why I do wonder, along with Senator Ronaldson, why we are asking that question. An assertion was made. It was corrected in the media. I would have thought the debate was closed. But if you want to go down that line, we can read from a media release.

Senator WEBBER—Please read it.

Senator Abetz—It is dated Thursday, 8 February 2007. Dr Horne can read that out to you.

Senator WEBBER—Whose media release is that?

Senator Abetz—It is a Murray-Darling Basin Commission statement from Wendy Craik, Chief Executive.

Senator WEBBER—Does that retract what was quoted by the *Australian* newspaper?

Senator Abetz—Exactly.

Senator WEBBER—Were there any conversations between the department and Ms Craik between what appeared in the media and the issuing of this release?

Mr Borthwick—Yes, there was.

Senator WEBBER—Did you have a conversation with her and then she retracted the comments that she had made publicly?

Mr Borthwick—I did not have the conversation.

Senator WEBBER—When I say ‘you’, I mean the department and not you personally.

Mr Borthwick—We explained the basis of the Commonwealth’s funding and she just completely misunderstood it. She issued the retraction when it was pointed out to her. It was not anything other than explaining the basis of our costings to her. She had misunderstood.

Senator WEBBER—She misunderstood?

Senator SIEWERT—I would like to go back to the commission and the new Commonwealth agency. The crossover obviously with water management and natural

resource management is essential. I am wondering how the new commission, once it takes over responsibility from the states, is going to interact with the states on natural resource management. Because to obtain the outcomes that you obviously need from the catchment approach, you need NRM onboard. For example, in northern New South Wales there has been an ongoing issue about bunds and people taking water through constructed banks, which are not illegal but not legal, if you know what I mean. This is directly relevant to how you manage water. Have you given thought to how those issues are going to be handled?

Mr Borthwick—Yes.

Senator WEBBER—That is not in the plan.

Dr Horne—Clearly, NRM issues will continue to be important and it will be important that we continue to have close interactions with the states. In fact, we have had preliminary discussions with the states on the nature of those interactions. If our governments proceed to a final model, then as a result of the nature of that agreement we will move quickly to consolidate, I guess, the relationships for NRM. As you say, there are some important issues here, and we will want to make sure that they are covered off, as they are covered off now through cooperative arrangements, some of which are within the MDBC but others of which are in other forum.

Senator SIEWERT—It sounds good but in practice—

Mr Borthwick—In practice, the catchment management authorities which have responsibility for water matters and broader land use matters, we want to make sure that they are integrated as they are now and that those catchment management authorities will be set by the basin-wide cap, which will be accredited by the Commonwealth. We want to make sure that those land use and broader water issues are integrated and done in a sensible way. Exactly how that occurs is a matter that we are still talking about.

Senator SIEWERT—There are issues there. There are different rules in different states, and in some instances are counted as good water management. Each of the different states has different regulations for its catchment management authorities. As I understand it at the moment, the Murray-Darling Basin Commission can advise on natural resource management plans for the CMAs but that does not have any influence over allocation of resources. It does not get a say on that. All those are really significant. I realise I have just gone through a bundle of things, but all those are really significant issues when it comes to water management. How will that be handled with the states?

Dr Horne—A number of those issues will quite explicitly be picked up in the plan. Let me just give you an example. Clearly at the moment, one issue that is really undermining water management in the basin is proliferation of farm dams.

Senator SIEWERT—You are pre-empting another one of my questions.

Dr Horne—We would be wanting to come to an arrangement with the states which ensures that the management of farm dams is such, through their land use planning, that, if new farm dams are allowed to be put in, the owners of those farm dams will have the appropriate entitlements to water, so the existing entitlement holders elsewhere in the basin are not adversely affected by the new farm dams which are put in place. That is an example of the sort of things that we want to try and pick up in this.

Senator SIEWERT—Are you then not still reliant on the states to pass laws, so you still have these quite significant administration hurdles that you are going to have to deal with for water management?

Mr Borthwick—We want to make sure that all the surface and underground water is integrated, such that bores, farm dams, any agriculture practices which have a material effect on water interception and those things are really integrated for the first time in the catchment management plan. I envisage that we will allow the detail of those arrangements to be worked out by the catchment management authorities, but we will be accrediting those arrangements. We will be expecting strict compliance to avoid leakage in the system. That is the broad schema which we have put through to the states.

Senator SIEWERT—The point I am making is that there are laws in each of the states that actually may not allow that to happen; for example, regulating banks. In New South Wales, laws do not properly regulate those, and there could be and will be a fundamental part of your plan.

Mr Borthwick—I am sorry, just a moment. The stream banks?

Senator SIEWERT—Banks. The advice I have had is that they are not illegal, but there is no law, and I see again Mr. Thompson nodding.

Mr Borthwick—Is not?

Senator SIEWERT—The banks that are constructed to divert water are not classed as illegal but they are not necessarily legal either. They are in this —

Mr Borthwick—Basically in terms of that we will set out an overall basin wide plan and then migrate that down to catchment levels. We envisage that we will want to work intensively with the catchment management authorities, irrigators, et cetera, and that their arrangements will need to be consistent with an arrangement that we will have oversight of. For the first time, basically, we are aiming to get fully integrated treatment of the water in the system and that is our objective. Now, if some of these things are incompatible with state powers, we are after a referral of powers to us, but what things that we might then determine can still be undertaken because they have people on the ground. That is a matter that we will be discussing with the states, but we will have the reserve power to specify exactly what the rules of the game will be.

Senator SIEWERT—Does that not mean that you are going to need in the commission, therefore, the people in the state departments who do all that catchment management and do all that the natural resource management? Are they all going to go to the commission?

Mr Borthwick—Not necessarily. That is why I am saying the exact balance here has to be struck between what is in the commission and what we then accredit the states to do on our behalf following the referral of powers. The overall powers will be with the Commonwealth.

Senator SIEWERT—In each of the states, NRM, water management, catchment planning.

Mr Borthwick—No, not the broader NRM powers with respect to water, but we will be conscious that, in land use decisions, if it has say a material effect on water quality or water interception then because of the referral of powers that will trigger —

Senator SIEWERT—For example, is that clearing that has a direct effect on —

Mr Borthwick—It could well be, if that has a material effect on water issues.

Senator SIEWERT—So, would that be a referred power?

Mr Borthwick—I do not want to say that but that is the notion, yes.

Senator SIEWERT—Well, that is an obvious one.

Mr Borthwick—Not clearing might be referred but if clearing had an effect on the water catchment which was material in terms of changing the water flow or interception arrangements that was at odds to the overall catchment power, that is when we would say we want to have a good look at this.

Senator SIEWERT—That would be in a catchment by catchment basis. Is that what you are saying?

Mr Borthwick—Yes. Consist with the overarching basin-wide plan. In other words, the whole notion in the national water initiative where we would look at it on a catchment by catchment basis will still transfer to this model.

Senator SIEWERT—Is that not going to be messy? I am trying to work out how it is going to happen. You are doing your planning and you work out that, in this catchment, you are going to need to control land use for that plantation because we know that is an issue, water in catchments in New South Wales. You are clearing your banks for the illegal or legal taking of water.

Dr Horne—What we plan to do is put in place arrangements whereby the states can appropriately put in place where it is a compliance regime, where it is a land use planning regime which tightens up the system, takes the slack out of the system that is currently in it. Now, clearly then the issue becomes if that tighter system does not materialise, what happens, and they are the sorts of issues that we are discussing with the states at the moment.

Senator WEBBER—I turn to the icon projects. What projects have come forward from the states in response to the Prime Minister's request for projects in August last year?

Mr Costello—The Prime Minister released a media statement on 4 January which detailed each of those. I will make that available.

Senator WEBBER—That detailed every proposal that has come from the states?

Mr Costello—For the icon projects, yes.

Senator WEBBER—Did it detail where each of the icon proposals was up to?

Mr Costello—Yes, that was its purpose.

Senator WEBBER—Did it detail the timeline for any assessment or approval of the projects?

Mr Costello—The assessment is dependent on the receipt of information—and that is what is outlined in the Prime Minister's statement—but there is some outstanding information from the proponents to enable a detailed and appropriate assessment of those proposals. The timeline obviously is dependent on the receipt of the information that has been requested.

Senator WEBBER—Did it give a timeline for the receipt of the information?

Mr Thompson—Because the ball is in the—

Mr Costello—It is the state's court to provide information and the states are doing that.

Senator SIEWERT—Can I go back to the farm dams issue? The study that CSIRO did last year or the end of the year before talked about the six major influences: climate change, farm dams, plantations and so on. Farm dams were one of the key areas that they picked. If states do not have laws that are going to deal with farm dams, for example, is the Commonwealth prepared to legislate across the basin to achieve certain outcomes, for example, dams. If they find that the state's laws are not adequate, is it too cumbersome to change all state laws?

Dr Horne—What we are seeking is a referral of powers which would enable a strong outcome in this area. It would enable us to ensure an outcome whereby farm dams were not the problem that they currently are. What we are trying to do with the states is to work through some arrangements which will enable that to happen with a compliance regime and an audit regime after appropriate accreditation of water plans. So with the accreditation, the auditing and the compliance—or the compliance and the auditing—taken together, if they are properly put into place, as our discussions with the states so far indicate that they are aware that there are problems in these areas, they are prepared to look at the arrangements. Providing that we have got the right arrangements in place, this is a risk that ought to be fully addressable.

Senator SIEWERT—Farm dams specifically?

Dr Horne—It goes beyond farm dams.

Senator SIEWERT—That is what I am getting to.

Mr Borthwick—We want an integrated approach addressing all of those factors that CSIRO addressed. We think, because they were not being adequately addressed, this was a threat to both irrigators and the environments, and because we were concerned about those things such as climate change and others which are natural—but 'others' within our control—then in an adaptive sense, one of the whole premises behind this is concerns to address those issues in an integrated way.

Senator SIEWERT—Yes.

Mr Borthwick—The arrangements that we will put in place will give the Commonwealth the powers to make sure that it is done appropriately. The other point to draw out in this regard is: how do you know it will do that? What the government has announced is that the new authority will be subject to audit by the National Water Commission to make sure that they are up to the mark and that everything is hunky-dory. In other words, what the National Water Commission does to the states at a catchment-by-catchment level, they will have the same role in terms of the operations of the authority and how we are managing it. Our aim is to address exactly the sorts of points that you have identified at a basin-whole level and in tier down catchment by catchment involving everyone and then subject to audit by the National Water Commission.

Senator SIEWERT—Will the same rules apply to everybody in the basin?

Mr Borthwick—Yes. It is not a qualification, but there will be catchment-by-catchment plans as Dr Horne explained earlier and there might be some variations reflecting the nature

of the catchment issues, the particular access rights and a whole lot of things that will need to be worked out.

Dr Horne—This is about risk management. There will be some catchments where the risk of new farm dams is posing a very, very low risk to the catchment. There will be some other catchments where new farm dams are really very high risk. We will be wanting to make sure that in those catchments where there are high risks that we have the tightest possible regime in place to manage them.

Senator SIEWERT—Yes, but can that still be done under the same law?

Dr Horne—The same set of arrangements.

Senator SIEWERT—Exactly.

Dr Horne—Yes. In a sense it is a risk management framework that will be put in place, so we use the resources available to us as effectively as possible.

Senator SIEWERT—I want to double check the cap issue. Queensland does not cap overland flows. Is it a safe presumption that the cap will now apply to overland flows in all states, for example?

Mr Borthwick—Yes, we will address those catchments, including the diffuse nature of those overland plans, through the overall basin plan and translated into that particular catchment. They will be addressed in terms of these arrangements.

Senator SIEWERT—Thanks. I am conscious of the time and conscious that other people want to get questions in.

Senator WEBBER—I am also conscious of the time and it has been confusing with the coming and going of different members of the committee. I want to go back to the conversation we were having before about Ms Craik putting out that there was a misunderstanding. Does that mean the Murray-Darling Basin Commission's concerns that the plan was generally silent on the issues of natural resource management on it, the basin salinity management strategy, the living Murray sustainable rivers audit, native fish strategy, et cetera, are valid? They were not clear whether those programs were to continue. Were they reassured on that? Are those programs going to continue?

Mr Borthwick—Those programs will continue. I have not spoken to Wendy Craik about that but I will say now that they will continue.

Senator WEBBER—So the native fish strategy, the rivers program and the northern basin program will continue?

Senator SIEWERT—When I said 'cap' on the overland flows earlier, I should have been more specific and said 'regulate'.

Mr Borthwick—It would be the same answer.

Senator SIEWERT—Yes. So all water flows will now be—

Mr Borthwick—Yes. Some of those overland flows are used for irrigation purposes when they occur.

Senator SIEWERT—That segues into my next question. Where there will now be regulation of overland flows, where that is being harvested—and there are different terms for harvesting, certainly in Queensland—is there compensation—I hate using the C word—or does that get to it within the restructuring, the \$3 billion?

Mr Borthwick—Yes. If needs be there will be a catchment approach along the lines we have discussed—CSIRO analysis, socio-economic study—and if needs be it will be addressed as part of the over allocation if that is identified as an area that needs to be addressed.

Senator SIEWERT—I am thinking of one catchment in particular. I do not want to get into the particular catchment, but I do want to address the specific issue; that is there is an argument about the size around a number of catchments. Will you get independent science, because I think it requires more detail than you are talking about with CSIRO going in there?

Mr Borthwick—All we have said is that the CSIRO study will inform the overall decisions, and it will have socioeconomic analysis. If we need other evidence, including from the irrigators, the environmentalists, et cetera, we will obtain that information.

Senator SIEWERT—You will move to act in Queensland, for example, to regulate overland flow and then allocate it?

Mr Borthwick—Yes. There will be the same approach to all catchments with judgments having to be made.

Senator SIEWERT—At least some catchments have some regulation now, whereas others do not.

Mr Borthwick—I understand where you are coming from.

Senator SIEWERT—Sorry to labour the point, but will you encourage the states to put that legislation in place, or will that be part of the approach?

Mr Borthwick—We are seeking a referral of powers which will enable us to do it, but whether we do it ourselves or whether we accredit the states to do it with us having veto or call-in powers, that is a matter to be worked through.

Senator SIEWERT—No one else is jumping in, so I will keep going.

CHAIR—You have got three minutes left, in fact. It is three minutes until 11.

Senator SIEWERT—I am watching the clock. That is why I was looking to see if anybody else had something.

Senator WONG—We do, but I do not think we will get it done in three minutes.

Senator Abetz—How much can be put on notice?

Senator WONG—No, these I would like to ask.

Senator SIEWERT—Go for it.

Senator WONG—No, we will not get it done in three minutes.

CHAIR—It will have to go on notice, then.

Senator WONG—Chair, we did not agree that we would finish water tonight in our part of the meeting. We made it clear—

CHAIR—Since you left there has been discussions about the fact that these officers have to be in Sydney on Friday.

Senator WONG—The parties in the Senate—the government and the opposition—agreed that the spillover day would be—

CHAIR—I do not want to get into that at this stage. If you have got questions, please proceed.

Senator WONG—Are you renegeing on the agreement, basically?

CHAIR—If you have got questions, Senator Wong, please proceed. Are you quite finished, Senator Siewert?

Senator SIEWERT—I have had a fair go.

CHAIR—There are only now three minutes to go.

Senator WONG—I have got some questions regarding the Woranga to Lake Eppalock pipeline near Bendigo. Is that you, Mr Costello? Can you tell me where the assessment of that pipeline is up to?

Mr Costello—We are awaiting some further information from the Victorian government in order to finalise that assessment.

Senator WONG—When was that further information requested?

Mr Costello—Minister Turnbull wrote to his counterpart on 5 January and a meeting was held earlier today which did not fully satisfy the request for the information.

Senator WONG—What is the nature of the information requested?

Mr Costello—It is financial information on the project, both costs and revenues, impacts on tariffs and the capacity of the water authority to meet a greater proportion of the costs.

Senator RONALDSON—There have been numerous requests from Minister Turnbull to the Victorian government for information.

Mr Costello—Correct.

Senator WONG—Is it the case that Mr Turnbull said that—I beg your pardon?

Senator RONALDSON—Two can play this game.

Senator WONG—Yes, I am asking questions.

Senator RONALDSON—Two can play this game. I know exactly what you are doing

Senator WONG—Do I get to ask questions?

Senator Abetz—Of course you do. So does Senator Ronaldson.

Senator WONG—Is it the case that Minister Turnbull has said that this project needs the National Water Commission guidelines?

Mr Costello—I am not aware of the statement.

Senator WONG—You are not aware of that statement?

Mr Costello—No.

Senator WONG—Has the pipeline been assessed against the guidelines?

Mr Costello—There is some further information that needs to be provided before we can finalise the assessment against the criteria that were outlined in the Prime Minister's letter.

Senator WONG—Has the pipeline been assessed against the guidelines or not?

Mr Costello—There has not been a final assessment against the criteria because the final information has not been provided.

Mr Thompson—The assessment has commenced, but it is not complete.

Senator RONALDSON—Because we are still waiting on information from the Victorian government, despite numerous requests.

Senator WONG—Has the minister been advised?

Mr Costello—I cannot answer that.

Senator WONG—Are you aware as to why it is that Minister Turnbull has stated publicly that the project meets the guidelines?

Mr Costello—I am not aware of the statement, so I cannot comment on what the minister may have said.

Senator WONG—Was anyone from NWC involved in the minister's visit to Bendigo on 13 July last year?

Mr Costello—I was not personally. I believe one of our officers attended. It was to announce a Water Smart Australia recycling project.

Senator WONG—I understand it was in the context of that visit that the statement regarding the guidelines being met was made. You are not aware of that?

Senator RONALDSON—You have already asked that question.

Senator WONG—I was wondering if his memory had been jogged. You are not aware of that?

Mr Costello—No.

Senator WONG—You say this additional financial information has been requested on 5 January. Between the visit of 13 July 2006 and 5 January was there any correspondence from Minister Turnbull to the states in similar terms?

Mr Costello—As I mentioned earlier, the Prime Minister put out a report on 24 January going through that. Mr Turnbull met with Minister Thwaites on 26 October and requested some information at that meeting. Mr Turnbull wrote again following up on that and Minister Thwaites responded on 3 January. Mr Turnbull responded on 5 January saying that the information provided still does not permit the kind of detailed analysis that he seeks.

CHAIR—We are going to have to finish. We have passed 11 o'clock now.

Senator WONG—If you let me go a couple more minutes, we will finish off from the opposition's perspective on water on this.

CHAIR—All right.

Senator WONG—You said ‘wrote again’ after the 26 October meeting.

Senator Abetz—Soft.

Senator WONG—Is this some sort of masculinity test?

CHAIR—If you could be quick, Senator Wong.

Senator Abetz—No, I am talking to the Chair. You keep asking questions—

Senator WONG—I asked—

Mr Costello—I correct that. I refer to the Prime Minister’s statement. Mr Turnbull met with Mr Thwaites and requested information on 26 October.

Senator WONG—In an answer to my question you said that subsequent to the meeting Minister Turnbull wrote again. I am saying ‘again’ means that there was a previous letter. When was the letter that pre-dated 26 October?

Mr Costello—I am correcting my statement.

CHAIR—Senator Wong, I think we are going to have to finish.

Senator WONG—I do not understand that answer.

Mr Costello—I am correcting my statement to reflect the information that is publicly available. Mr Turnbull met; there was a meeting; there was a discussion of what would be provided.

Senator WONG—When was the first occasion when Mr Turnbull wrote to the Victorian government requesting this information?

Senator KEMP—This is ridiculous game playing.

Mr Costello—There was an agreement at a meeting.

Senator KEMP—This is ridiculous game playing.

Senator WONG—Why don’t you go back to your office?

Senator RONALDSON—Mr Thwaites owes the people of Bendigo an apology for failing to provide basic information in relation to this pipeline.

Senator WONG—How about some order, Chair? I am asking a question about when the letter was first sent and you are allowing this to—

Senator RONALDSON—He will wear the problem of no water in Bendigo—

CHAIR—I think—

Senator RONALDSON—This is an utter disgrace.

CHAIR—Senator Wong, we have passed our closing time.

Senator WONG—Ask them to come back on Friday.

CHAIR—I close this meeting and thank the water officials.

Senator WONG—We request them on Friday, as per our agreement.

CHAIR—This meeting has now concluded.

Committee adjourned at 11.03 pm