

Additional Estimates 2010–11

Introduction

1.1 On 10 February 2011 the Senate referred the following documents to standing committees for examination and report:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2011 [Appropriation Bill (No. 3) 2010–11],
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2011 [Appropriation Bill (No. 4) 2010–11], and
- Final Budget Outcome 2009–10 and the Issues from the advances under the annual Appropriation Acts for 2009–10.¹

1.2 Standing committees were required to report to the Senate on 23 March 2011.²

Hearings

1.3 The committee conducted public hearings with the Climate Change and Energy Efficiency portfolio on 21 February 2011, the Sustainability, Environment, Water, Population and Communities portfolio on 21 and 22 February 2011 and the Broadband, Communications and the Digital Economy portfolio on 22 February 2011.

1.4 Written answers and information provided to the committee in response to questions on notice arising from the hearings are tabled in the Senate and posted on the Committee's web page.

1.5 Links to the transcripts of these public hearings and to answers and additional information are available on the Internet at:

www.aph.gov.au/Senate/committee/ec_ctte/estimates/add_1011/index.htm.

Questions on notice – date for response

1.6 In accordance with Standing Order 26(9)(a), the committee agreed that the date for the return of written answers or additional information in response to questions placed on notice be Friday, 8 April 2011.

1.7 As in previous estimates reports, the committee again expresses its concern about the time taken to receive answers to questions taken on notice.

1 *Journals of the Senate*, No. 19, 10 February 2011, p. 581.

2 *Journals of the Senate*, No. 14, 26 November 2010, pp 408–409.

1.8 The committee notes that it had set Friday, 3 December 2010 as the date for the return of answers to questions taken on notice during the Supplementary Budget Estimates held in October 2010. However, at that date there was a total of 290 answers outstanding to 505 questions on notice across the three portfolios, as follows:

- Broadband, Communications and the Digital Economy portfolio, 117 of 181;
- Climate Change and Energy Efficiency portfolio, 34 of 185; and
- Sustainability, Environment, Water, Population and Communities portfolio, 139 of 139.

1.9 Most of these late answers were submitted during the days prior to the Additional Estimates hearings and several senators expressed their concerns about their late arrival.³

1.10 The committee reiterates its expectation that answers to questions on notice will be provided to the committee by the due date.

Portfolio specific issues

1.11 On the first day of its examination of the 2010–11 Additional Estimates, the committee called and examined officers from the Climate Change and Energy Efficiency (CCEE) and the Sustainability, Environment, Water, Population and Communities (SEWPaC) portfolios.

1.12 The committee welcomed Senator the Hon Penny Wong, Minister for Finance and Deregulation, representing the Minister for Climate Change and Energy Efficiency, the Hon Greg Combet MP.

1.13 During its examination, the committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Monday, 21 February 2011.

Climate Change and Energy Efficiency portfolio

1.14 General questions were asked of the department about:

- international negotiations on land use, land use change and forestry (pp 3–4)
- impact on departmental staff levels of the deferral of the carbon pollution reduction scheme (p. 5)
- Cyclone Yasi and relationship to climate change (pp 5–10)

3 See *Committee Hansard*, 22 February 2011, Senator Fisher, p. 57; Senator Macdonald, p. 58; and Senator Abetz, p. 80.

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- rising sea levels (pp 11–12).

1.15 At the conclusion of general questions, the committee called agencies and departmental officers in relation to Outcome 1, Reducing Australia's greenhouse gas emissions. Matters raised included:

- increase in transport emissions (pp 12–14)
- definition of emissions-intensive trade-exposed industries, compared with the European scheme (pp 14–16)
- impact on electricity prices of the proposed carbon price and the renewable energy target (pp 16–18)
- greenhouse benefits of gas relative to coal (pp 20–21)
- travel behaviour change programs (pp 21–22)
- establishment of the Climate Commission (pp 22–37)
- reporting of facility-by-facility based greenhouse gas emissions (pp 38–39)
- introduction of the Carbon Farming Initiative (pp 39–41)
- revised projections compared with the previously proposed CPRS (pp 41–47)
- newspaper reports on an Australian Industry Group study impacts of a carbon price (pp 45, 46, 50–51, 55, 56)
- global pricing and carbon (pp 47–50)
- Renewable Energy Certificates (RECs) created under the Renewable Energy Target scheme (pp 51–53)

1.16 Officers from the Office of the Renewable Energy Regulator were called and examined in relation to the increased number of RECs being declared invalid (pp 53–54) and the number of SRECs expected to be created in the current year (pp 54–55).

1.17 Officers were called and examined in relation to Outcome 2, Improving Australia's Energy Efficiency. Matters raised included:

- Home Insulation Program (HIP) (pp 57–63)
- Home Insulation Safety Program (HISP) (pp 63–73)
- instances of fraud (p. 68) and claims for compensation (pp 71–72) under HIP
- making building more energy efficient (pp 72, 73, 74–76)
- Green Loans and Green Start schemes (pp 76–78)
- solar rebate scheme payments (p. 78)
- Cleaner Car Rebate scheme (p. 79).

1.18 Officers were called and examined in relation to Outcome 3, Adapting to Climate Change. Matters raised included:

- departmental advice relating to the proposed citizens assembly (pp 79–80).

1.19 Officers were called and examined in relation to Outcome 4, Helping to shape a global climate change solution. Matters raised included:

- international strategies to achieve emission reduction targets (pp 80–81)
- Australian participation in international working groups (p. 81).

Sustainability, Environment, Water, Population and Communities (SEWPaC) portfolio

1.20 At the conclusion of its examination of the Climate Change and Energy Efficiency portfolio, the committee called and examined officers from the Sustainability, Environment, Water, Population and Communities portfolio.

1.21 The committee welcomed Senator the Hon Don Farrell, Parliamentary Secretary for Sustainability and Urban Water, representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP.

1.22 General questions were asked of the department about SEWPaC's involvement in the new Climate Commission (pp 85–86).

1.23 The committee called agencies and departmental officers in relation to Outcome 1, The conservation and protection of Australia's terrestrial and marine biodiversity and ecosystems through supporting research, developing information, supporting natural resource management, regulating matters of national environmental significance and managing Commonwealth protected areas.

Office of Supervising Scientist

Matters raised included:

- installation of monitoring points at uranium mining operations sites in Kakadu (pp 87, 90, 91 and 92)
- impact of above average rainfalls at the Ranger mine site (pp 87–88)
- maximum operating level of the tailings storage facility (p. 88)
- status of the proposed heat leach and release of the heat leach EIS (pp 88–89)
- seepage from the Range tailings facility (pp 89–90)

Director of National Parks

Matters raised included:

- impact of reduced funding for Caring for our Country on the National Reserve System (NRS) program (p. 93)
- recommendations for purchases to add to the NRS (pp 93–94)
- status of the review of the Caring for our Country program (p. 94)
- implementation of recommendations of the expert working group report on Christmas Island (pp 95–96)

Bureau of Meteorology

Matters raised included:

- Cyclone Yasi's damage on Willis Island (pp 97–98)
- visits to the BoM website during December/January (p. 98)
- staffing levels at regional stations (p. 100)
- Director's response to matters raised in Cardinal Pell's letter relating to climate science, tabled during the Supplement Budget Estimates hearing in October 2010 (pp 100–105)⁴
- instruments and devices used around Australia to measure weather events (pp 105–108)

Great Barrier Reef Marine Park Authority

Matters raised included:

- impacts of Cyclone Anthony and Cyclone Yasi on the reef (pp 109–110)
- role of GBRMPA in the talisman Sabre exercises (pp 110–111)
- access by super yacht operators to tourist sites (pp 111–112)

Sydney Harbour Federation Trust

Matters raised included:

- appoint of board members (pp 112–113)

4 See *Committee Hansard*, 18 October 2010, pp 143–145 at <http://www.aph.gov.au/hansard/senate/commtee/S13298.pdf>.

1.24 Officers were called and examined in relation to Program 1.1, Sustainable Management of Natural Resources. Matters raised included:

- Great Barrier Reef Marine Park Structural Adjustment Package (pp 113–114)
- baiting on Macquarie Island (pp 114–116).

1.25 The chair welcomed Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP. Questioning continued.

1.26 Officers were called and examined in relation to Program 1.2, Environment Regulation, Information and Research. Matters raised included:

- status of the dieback threat abatement plan (p. 116)
- draft plans for the bioregional marine parks, funding for developing and finalising and the consultation process (pp 116–119)
- removal of bunds at Narrung in the Lower Lakes (p. 119)⁵
- status of the Reef and Rainforest Research Centre (pp 120–121).

1.27 Officers were called and examined in relation to Program 2.1, Reduction in management of waste, hazardous substances, pollutants, ozone depleting substances and synthetic greenhouse gasses. Matters raised included:

- update on the national stewardship scheme (p. 121)
- proposed recycling rates target amounts (p. 121)

1.28 Officers were called and examined in relation to Outcome 3, Program 3.1, Antarctic science, policy and presence. Matters raised included:

- additional funding for international legal action (pp 121–122)
- current research projects (p. 122).

1.29 Officers were called and examined in relation to Outcome 6, Program 6.1, Affordable Housing. Matters raised included:

- status of the National Rental Affordability Scheme (pp 122–124)
- status of the National Housing Supply Council (pp 122–124)
- numbers and sites of vacant dwellings and residential vacancies in Australian capital cities (p. 123)

5 See correspondence between the SA Department of Environment and Natural Resources and DSEWPaC, dated 14 February 2011, re Update regarding Lake Albert management – Bund removal, tabled 22 February 2011, at Appendix 2.

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- housing aspects of the Building Better Regional Cities program (pp 124–125).

1.30 Due to time constraints, Outcomes 5 and 7, relating to the conservation and protection of Australia's Heritage were not called. The Chair indicated that questions about these outcomes would be put on notice.

1.31 On the second day of hearings, the committee continued its examination of the Sustainability, Environment, Water, Population and Communities portfolio, commencing with agencies and departmental officers in relation to Outcome 4, Adaptation to climate change, wise water use, secure water supplies and improved health of rivers, waterways and freshwater ecosystems by supporting research, and reforming the management and use of water resources.

1.32 The page references beside each matter below refer to the proof transcript for Tuesday, 22 February 2011.

1.33 The committee welcomed Senator the Hon Don Farrell, Parliamentary Secretary for Sustainability and Urban Water, representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP, and officers.

Murray-Darling Basin Authority

Matters raised included:

- changes to the membership of the authority and proposed new committees (pp 4–8)
- timing of the Basin Plan process, release of the draft Basin Plan (pp 8–14)
- requirements for adopting the proposed final basin plan (p. 14)
- release of the guide to the Basin plan (pp 15–18)
- issue of stranded assets, Productivity Commission working paper *Stranded Irrigation Assets* (pp 19–21)
- criteria for determining water requirements (pp 21–24)
- legal advice provided to the Authority (pp 24–29)
- impact of flood events in Queensland and Victoria on the Basin plan (p. 31)
- issue of early adopters of water saving measures undertaken without the benefit of the infrastructure fund and the water plan (p. 32)
- extra funding to assist with Basin planning activities (p. 34).

1.34 Officers were called and examined in relation to Program 4.1, Water Reform. Matters raised included:

- future role of the National Water Commission which terminates on 30 June 2012 (p. 34)
- review of the National Water Initiative (pp 34–35)
- reallocation of funds from the Sustainable Rural Water Use and Infrastructure Program (pp 35–36)
- progress of the water purchase program (pp 37–47)

National Water Commission

Matters raised included:

- outline of the public consultation process as part of the 2011 biennial assessment of the National Water Initiative (p. 49)
- state of the Moonie River system in Queensland and the Gwydir system (pp 49–50).

Broadband, Communications and the Digital Economy portfolio

1.35 At the conclusion of its examination of the Sustainability, Environment, Water, Population and Communities portfolio, the committee called and examined officers from the Broadband, Communications and the Digital Economy portfolio.

1.36 The committee welcomed Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy.

1.37 During its examination, the committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Tuesday, 22 February 2011.

1.38 General questions were asked of the department. Matters raised included:

- additional funding for legal fees (pp 53–54)
- contractors used to assist with the appointment of the NBN board and an NBN chair (pp 54–55)
- consultancies awarded to McKinsey (pp 55–56)
- process for determining board appointment and remuneration (pp 56–57)
- late return of answers to questions on notice from the Supplementary Budget estimates round in October 2010 (pp 57–8)
- safety and security in the online environment (p. 60).

1.39 Questioning commenced in relation to Outcome 1, Development of a vibrant, sustainable and internationally competitive broadband, broadcasting and communications sector, through policy development, advice and program delivery, which promotes the digital economy for all Australians.

Australia Post

Matters raised included:

- security checks undertaken prior to employing staff or engaging licensees, franchisees or community agents (p. 63)
- assistance provided to flood affected licensed post offices and mail contractors (pp 63–64)
- fees paid to AQIS for quarantine checks (p. 65)
- post office closures, for example Milton Post Office in Brisbane and Glebe Post Office, Sydney, and workforce issues (pp 66–70)
- mail delivery services required under the community service obligation (p. 71)
- criteria for selecting women for the 2011 living legends stamp series (pp 72–76)
- e-services provided by Australia Post (p. 76)
- status of the facility nominated doctors program (p. 77)
- Indigenous employment levels in Australia Post (pp 78–79)

Australian Broadcasting Corporation (ABC)

Matters raised included:

- delay in providing answers to questions on notice (p. 80)
- selection of audience members for *Q & A* (pp 80–81)
- examples of anti-Israel bias (pp 81–83)
- use of Twitter accounts (pp 83–84)
- amount of local content on the new 7.30 program (pp 87–88)
- update on the audio description trial (p. 88)
- percentage of ABC 1 on-air time dedicated to first-run Indigenous content (p. 89)
- departmental savings identified as distribution and transmission efficiencies jointly with SBS (pp 90–91)
- amount of Australian content shown on ABC 3 (p. 91)
- progress of ABC Open (pp 91–92)

Special Broadcasting Service (SBS)

The Director made a brief opening statement. SBS was then released without questioning.

Matters raised included:

- review of Al-Manar programming (pp 93–95)
- impact of convergence on the regulation of the communications sector (p. 95)

1.40 Officers from the department were called and examined in relation to Program 1.2, Telecommunications, Online and Postal Services. Matters raised included:

- internet filtering (pp 95–98)

1.41 Officers from the department were called and examined in relation to Program 1.3, Broadcasting and Digital Television. Matters raised included:

- VAST satellite platform (pp 98–100, 101–102)
- progress on the anti-siphoning list (pp 100–101)

1.42 *NBN Co* was then called. After Mr Quigley, Chief Executive Officer and Executive Chairman, made a statement about progress of the NBN project (pp 102–105), questioning commenced. Matters raised included:

- broadband versus wireless (pp 105–107, 118–119)
- establishment of a joint parliamentary committee on the National Broadband Network (pp 108–110, 114)
- NBN construction costs, including wages and conditions (pp 110–114)
- provision of NBN services in Tasmania (pp 114–117)
- take-up rate in Townsville (p. 117)
- access to Telstra infrastructure (pp 121–122,)
- infrastructure in fringe developments and greenfields estates (pp 122–123)
- state of discussions around the universal service obligation, and the establishment of the proposed USO Co (pp 123–124, 136)
- effects of power failures on the network and use of battery backup (pp 123–126)
- take up rate in Brunswick, Victoria (pp 126–129)
- operation of the Telstra copper network (pp 130–132, 137)
- provision of services to remote communities (p. 137)
- discussions between NBN Co and energy utilities concerning potential access to their facilities and providing services to them(p. 138)
- negotiations with Telstra (pp 139–141).

Acknowledgements

1.43 The committee thanks Senator the Hon Penny Wong, Minister for Finance and Deregulation; Senator the Hon Don Farrell, Parliamentary Secretary for Sustainability and Urban Water, and Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, along with officers from the three portfolio departments and agencies, for their assistance during this additional estimates process.

Senator Doug Cameron
Chair

