

Budget estimates 2011–12

Introduction

1.1 On 9 May 2012 the Senate referred the following documents to standing committees for examination and report:

- Particulars of proposed expenditure in respect of the year ending on 30 June 2013 [Appropriation Bill (No. 1) 2012–13]; and
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2013 [Appropriation Bill (No. 2) 2012–13].¹

1.2 Standing committees were required to report to the Senate on 26 June 2012.²

Hearings

1.3 The committee conducted public hearings with the Climate Change and Energy Efficiency portfolio on 21 May 2012, the Sustainability, Environment, Water, Population and Communities portfolio on 22 and 23 May 2012 and the Broadband, Communications and the Digital Economy portfolio on 23 and 24 May 2012. The committee's public hearings program is at Appendix 1. Documents tabled during the hearings are listed at Appendix 2.

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/Parliamentary_Business/Committees/Senate/Committees?url=ec_ctte/estimates/bud_1213/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 during the 21–24 May hearings, be Friday, 20 July 2012.

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.

1.8 The committee notes that it had set Friday, 30 March 2012 as the date for the return of answers to questions taken on notice during the Additional Estimates held in

1 *Journals of the Senate*, No. 89, 9 May 2012, p. 2396.

2 *Journals of the Senate*, No. 62, 2 November 2011, pp 1707–1708.

February 2012. However, at that date there was a total of 624 answers outstanding to 807 questions on notice across the three portfolios, as follows:

- Broadband, Communications and the Digital Economy portfolio, 354 of 354;
- Climate Change and Energy Efficiency portfolio, 96 of 181; and
- Sustainability, Environment, Water, Population and Communities portfolio, 174 of 272.

1.9 The last of these late answers were submitted in the days prior to and during the Budget Estimates hearings.

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

Portfolio specific issues

1.11 On the first day of its examination of the 2012–13 Budget Estimates, the committee called and examined officers from the Climate Change and Energy Efficiency (CCEE) 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 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 May 2012.

Climate Change and Energy Efficiency portfolio

1.14 General questions were asked of the department about:

- separation of portfolio duties between the Minister and the Parliamentary Secretary (pp 3–5)
- portfolio staff numbers (pp 6–7)
- establishment of the Clean Energy Regulator (p. 6)
- procedures for administering travel arrangements (pp 7–8)
- staff turnover during the current financial year (pp 8–9)
- the effect of the carbon price on council tips/landfill operations (pp 9–12).

1.15 At the conclusion of general questions, the committee called departmental officers in relation to Program 1.1: Reducing Australia's greenhouse gas emissions together with officers from the *Clean Energy Regulator*. Ms Munro, CEO of the Clean Energy Regulator (CER), made an opening statement, noting this was the first appearance at estimates for the agency. Matters raised included:

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- consultations with local councils/landfill operators providing information on liability under the carbon pricing mechanism (pp 14–27, 40–41)
 - renewable energy targets (pp 27–31, 34–35)
 - estimates of fugitive emissions from coal seam gas (pp 32–34)
 - costs of establishing the CER (pp 35–37)
 - audit program under the National Greenhouse and Energy Reporting System (NGERS) (pp 37–39)
 - the Liable Entities Public Information Database (LEPID) (pp 39–43, 46–49)
 - operation of and assistance through the Jobs and Competitiveness Program (pp 49–51)
 - advertising expenditure relating to the carbon tax and associated information campaigns (pp 51–57, 58)
 - the Energy Security Fund (pp 57–58)
 - the Climate Change Grant program (pp 63–66)
 - operation of the floor price beyond the fixed price period (pp 66–67).

1.16 Officers from *Low Carbon Australia Ltd* were called and examined. Matters raised included:

- impact on Low Carbon Australia (LCAL) of the Clean Energy Future package (p. 68)
- appointments to the Board (pp 68–69)
- the status of funds provided by LCAL (pp 70–71).

1.17 Officers were called and examined in relation to Program 1.2: Improving Australia's Energy Efficiency. Matters raised included:

- the Energy Efficiency Information Grants scheme: membership of the independent program advisory committee, and the monitoring and evaluation framework (pp 72–74)
- the Tax Breaks for Green Buildings program (pp 74–75, 83–85, 90–92)
- update on the Home Insulation Program (pp 75–80)
- claims under the Compensation for Detriment Caused by Defective Administration scheme (pp 80–81)
- Nationwide House Energy Rating Scheme (NatHERS), assessor training (pp 81–82)
- closure of the Solar Hot Water Rebate program (pp 86–87)
- funding for low carbon communities within the Community Energy Efficiency Program (p. 88)

- eligibility for the Charities Maritime and Aviation Support Program (pp 89–90).

1.18 Officers were called and examined in relation to Program 1.3: Adapting to Climate Change. Matters raised included:

- material on the department's mapping sea level rise web site (pp 92–97)
- cost estimates of damage from extreme weather events under low-, medium- and high-risk scenarios (pp 97–98)
- the Climate Commission budget (p. 99)
- Professor Flannery's attendance at estimates hearings (p. 100).

1.19 Officers were called and examined in relation to Program 1.4: Helping to shape a global climate change solution. Matters raised included:

- Australian contribution for fast-start financing as agreed at Copenhagen (pp 100–102)
- the status of the Kalimantan Forests and Climate Partnership (p. 102)
- impact of the carbon price on the Timor gas fields (p. 103)
- achievement by China of its energy intensity targets as set out in its five-year plans (pp 104–106).

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

1.20 On the second day of hearings, 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 Water, representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP.

1.22 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 May 2012.

1.23 Dr Grimes, Department Secretary, made a statement noting some changes in the department's outcomes structure. General questions were asked of the department about:

- machinery of government changes affecting the department (pp 4–5)
- staffing numbers (pp 5–6)
- release of FOI information on websites (p. 8)
- Auditor-General's report on the award of grants (pp 9–10).

1.24 The committee called agencies and departmental officers in relation to Outcome 1 commencing with the *Bureau of Meteorology* which was called and examined. Matters raised included:

- installation of a Doppler weather radar at Mt Koonya (pp 11–12)
- the one-year trial of advertising on the BoM website, costs (pp 13–16, 23)
- costs of BoM offices across Australia (pp 17–18)
- Climate Commission report about heat sinks in Western Sydney (pp 20–21)
- meteorology trainee program (p. 22)
- review of the bureau's capacity to deliver severe and extreme weather services (pp 22–23).

1.25 The *Great Barrier Reef Marine Park Authority* was called and examined. Matters raised included:

- impact of the reduction in the reef tax (pp 23–24)
- health of the reef (p. 23)
- grant to the Great Barrier Reef Foundation (pp 25–26)
- the role of the Authority in the incident of the ship *Integrity* adrift near the reef (pp 26, 30)
- UNESCO visit to the World Heritage site (pp 28, 30–32)
- funding for Reef Rescue (p. 27)
- the next Great Barrier Reef Outlook Report (pp 32–34).

1.26 The *Director of National Parks* was called and examined. Matters raised included:

- visitor numbers to Uluru and Kakadu national parks (pp 34–36)
- camel numbers within the Uluru park (p.37)
- the eradication program of the yellow crazy ant on Christmas Island (pp 38, 41)
- the Parks Australia Climate Change Strategic Overview 2009-2014 (pp 38–41)
- funding for the National Reserve System (NRS) program (p. 42).

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

- purpose of the corridors plan in conservation (pp 45–46)
- consultations with state governments and the Department of Agriculture, Fisheries and Forestry (DAFF) in relation to marine parks (pp 46–47)

- monitoring and management of dugong populations (pp 47–51)
- progress of the bioregional marine planning process (pp 51–56, 65–68)
- funding for the Reef Rescue program (pp 56–57, 58)
- mercury contamination in water ways (p. 59)
- National Partnership Caring for Country grants (pp 60–61)
- funding for the NRS (pp 62–63, 69)
- funding for Natural Resource Management (NRM) bodies (p. 64).

1.28 Officers were called and examined in relation to Program 1.2: Environmental Information and Research. Matters raised included:

- monitoring of biodiversity in the Desert Uplands bioregion in Queensland (p. 70)
- Japanese whaling (pp 71–72)
- assessing whale populations (pp 73–74)
- the *State of the Environment Report 2011* (pp 74–76)
- status of the Cumberland Plain project (pp 76–77).

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

1.30 Officers were called and examined in relation to Program 1.3: Carbon Pollution Reduction – Land Sector Initiatives. Matters raised included:

- the Land Sector Carbon and Biodiversity Board; membership and fees paid to members (p. 77)
- grants from the Biodiversity Fund (pp 77–83)
- the Regional Natural Resources Management Planning for Climate Change Fund (pp 83–89).

1.31 Officers were called and examined in relation to Outcome 2, Program 2.1: Management of Hazardous Wastes, Substances and Pollutants. Matters raised included:

- pollution in World Heritage areas (pp 92)
- a national deposit scheme (pp 92–93)
- the national e-waste scheme (pp 94–95)
- national ban on single-use plastic bags (pp 95–96)
- impacts of the application of the equivalent carbon price to the import and manufacture of synthetic greenhouse gases (pp 96–97).

1.32 Officers were called and examined in relation to Program 2.2: Sustainable Communities. Matters raised included:

- the suburban jobs program (pp 97–100)
- development of sustainability indicators (pp 99–100, 102)
- the development of a sustainable population strategy (p. 101).

1.33 Officers were called and examined in relation to Outcome 3, Program 3.1: Antarctica: Science, Policy and Presence. Matters raised included:

- continuation of shipping and air support and air services (pp 102–104, 105–106)
- proposed marine reserve in the Ross Sea area (pp 104–105)
- asbestos removal at Mawson, Casey and Davis stations (p. 107).

1.34 On the third day of hearings, the committee continued its examination of the Sustainability, Environment, Water, Population and Communities portfolio, commencing with Outcome 5.

1.35 The page references beside each matter below refer to the proof transcript for Wednesday, 23 May 2012.

1.36 The committee welcomed Senator the Hon Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Sustainability, Environment, Water, Population and Communities and officers.

1.37 Officers were called and examined in relation to Outcome 5, Program 5.1: Conservation of Australia's Heritage and Environment. Matters raised included:

- chemical discharges from a closed mine within the Blue Mountains World Heritage area (pp 4–6)
- grant to the Royal Exhibition Building, Melbourne (pp 6–8)
- funding and staff reductions for the heritage division (pp 8–10)
- World Heritage listing of the Cascades Female Factory, Hobart (pp 10–11)
- consultations on the proposed heritage listing in Cape York (pp 11–13)
- UNESCO visit to the Great Barrier Reef World Heritage area (pp 13–14).

1.38 Officers were called and examined in relation to Program 5.2: Environmental Regulation, commencing with the *Office of Supervising Scientist* (OSS). Matters raised included:

- role of the Supervising Scientist (pp 15–16)
- construction of the Ranger 3 Deeps decline (pp 17–18, 20–21)
- installation of retention ponds (pp 18–19)

- status of the Jabiluka pond and site works (pp 21–22)
- publicly available material on the OSS web site (p. 23).

1.39 Departmental officers were then called in relation to Program 5.2. Matters raised included:

- control of feral animals (pp 24–25)
- listing of Koalas as vulnerable (pp 25–32, 40–41)
- appointments to the Independent Expert Scientific Committee on Coal Seam Gas and Large Coal Mining Development (pp 32–34)
- South of Embley bauxite project (pp 34–36, 45–46)
- fast tracking of the approvals and assessment bilaterals (pp 38–39, 41–43, 46–49, 74)
- status of drafting and finalisation of amendments to the EPBC Act (p. 41).

1.40 Officers were called and examined in relation to Outcome 4, together with officers from the *Murray-Darling Basin Authority* and the *National Water Commission*. Matters raised included:

- release of the revised Basin Plan; revised economic modelling; job losses; use of river flow data (pp 51–61)
- water buybacks (pp 61–62, 78–79)
- surface water and groundwater sustainable diversion limits (SDLs) (pp 62–64)
- salinity levels in Lake Albert (pp 64–65)
- legal advice sought in relation to the basin plan (pp 65–67, 77, 81)
- modelling for water purchases (pp 6–70)
- setting of baseline diversion limits (p. 71)
- the On-Farm Irrigation Efficiency program (p. 72)
- deferral of funds for the rollout of environmental efficiency programs (p. 3)
- groundwater impacts of coal seam gas (pp 73–74)
- reporting of adverse changes to listed Ramsar wetlands (p. 74)
- implications of the sunset clause in the National Water Commission legislation (p. 83).

1.41 Officers were called and examined in relation to Outcome 6, Program 6.1 together with officers from the *Commonwealth Environmental Water Office*.

- reduction of funding for the Commonwealth Environmental Water Holder (p. 84)

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- appointment of a new Water Holder (p. 85)
 - allocation of water for environmental watering (pp 85–87)
 - amount of carryover water currently held (pp87–90)
 - the role of the Environmental Water Scientific Advisory Group (pp 90–92).

Broadband, Communications and the Digital Economy portfolio

1.42 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.

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

1.44 Officers from the *Special Broadcasting Service* were called and examined. Mr Michael Ebeid, Managing Director, made an opening statement after which questioning commenced. Matters raised included:

- new free-to-air Indigenous television service (pp 96–99, 101)
- impact of reduced advertising revenue on operations (p 101).

1.45 Questioning commenced of the *Australian Broadcasting Corporation*. Matters raised included:

- programming decisions in Tasmania (pp10–105, 112)
- progress on negotiations regarding the Australia Network contract (pp 106–108)
- social media policy and its application (pp 109–110)
- percentage of Australian content broadcast (p. 113)
- appointment of Mr Spigelman as Chair (p. 115)
- funding for purchase of spectrum space (p. 116)
- the continued rollout of digital radio (p. 117)
- corrections to information provided on the coal seam gas web page (pp 118–119)
- selection of panel members for ABC programs (pp 121–123).

1.46 Questioning commenced of the *Australian Communications and Media Authority*. Matters raised included:

- suitability of complaint handling processes (pp 125–127)
- the number of media incidents currently under investigation (pp 127–128)
- monitoring of online content and child protection measures (p. 129)

- review into the cost of mobile calls to 1300, 13, and 1800 numbers (p. 131)
- funding for cybersafety projects (p. 132).

1.47 On the fourth day of hearings, the committee continued its examination of the Broadband, Communications and the Digital Economy portfolio.

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

1.49 The committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Thursday, 24 May 2012.

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

- cost of stationery requirements (p. 3)
- Cyber Security Awareness Week (p. 4)
- application of the competitive neutrality principles (pp 5–8)
- the impact of the increased efficiency dividend on the department (pp 9, 11)
- press reports referring to the potential liberalisation of online gambling, especially in-play gambling (pp 12–13)
- funding for the Australia Music Radio Airplay Project (pp 13–15).

1.51 Officers from *Australia Post* were called and examined. Mr Ahmed Fahour, Managing Director and Chief Executive Officer, made an opening statement. Matters raised included:

- details of any bonuses paid during the current financial year (p. 16)
- the use of sign-on payments (pp 17–18)
- the current number of licensed post offices (p. 19)
- procedures for handling parcels (pp 19–20)
- the use of clause 22, termination without cause (pp 20–21)
- the rollout of superstores across the country (p. 23)
- proposed new digital mailbox system (pp 23–24)
- growth of the small parcels business and decrease in letters volume (pp 25–29).

1.52 Officers from the department were called and examined in relation to Program 1.2: Digital Economy and Postal Services. Matters raised included:

- the promotion of cybersafety and cyber security during Cyber Security Awareness Week in June (pp 35–36)

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- services providing material for children with hearing and vision loss (p. 36)
 - the role of the department in the establishment of the Finkelstein media inquiry (pp 36–43)
 - the Digital Regions Initiative (pp 44–45).

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

- input of The Greens to the media inquiry (p. 46)
- amounts paid to the Convergence Review committee members (p. 49)
- amounts paid to Mr Finkelstein and Professor Ricketson for the media inquiry (p. 51)
- the rollout of the Viewer Access Satellite Television (VAST) (pp 53–59, 61–62, 63, 66)
- the number of satellite subsidy installations where asbestos has been uncovered (pp 59–60)
- the number of installations completed under the Household Assistance Scheme (HAS) (pp 60–61).

1.54 Officers from the department were called and examined in relation to Program 1.1: Broadband and Communications Infrastructure. Matters raised included:

- extension of the eligibility rules for access to NBN Co's interim satellite service (ISS) (pp 66–67)
- details of the advertising campaign about the National Broadband Network (pp 70–76)
- review of telecommunications retail price controls (p. 80)
- the Voice over Internet Protocol (VoIP) review (pp 80–81)
- the provision of battery and battery back up, cost of installation and replacement (pp 81–83)
- departmental input to NBN Co's special access undertaking (SAU) (pp 84–86).

1.55 The *NBN Co* was then called and examined. After the Chief Executive Officer, Mr Mike Quigley made an opening statement and provided answers to questions provided to it prior to the hearing by Coalition senators. Questioning then commenced. Matters raised included:

- finalisation of the revised corporate plan by the board (pp 101–105)
- number of Greenfield sites awaiting connection (pp 107–110)
- installation of towers at Daruka, NSW (pp 111–112)

- the use of local suppliers (p. 114)
- redundancy provisions for senior staff (p. 117)
- installation of ribbon fibre or stranded fibre (pp 119–123)
- the total spend on advertising this financial year (pp 124–128)
- retrofitting of NEC boxes in Tasmania (pp 129–130).

Acknowledgements

1.56 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 Budget estimates process. The committee also thanks Hansard, Broadcasting and the committee secretariat.

Senator Doug Cameron
Chair