

Budget estimates 2013–14

Introduction

1.1 On 14 May 2013 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 2014 [Appropriation Bill (No. 1) 2013–14]; and
- Particulars of certain proposed expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No. 2) 2013–14].¹

1.2 Standing committees were required to report to the Senate on 25 June 2013.²

Hearings

1.3 The committee conducted public hearings with the Climate Change outcome of the Industry, Innovation, Climate Change, Science, Research and Tertiary Education portfolio on 27 May 2013; the Sustainability, Environment, Water, Population and Communities portfolio on 28 and 29 May 2013 and the Broadband, Communications and the Digital Economy portfolio on 29 and 30 May 2013. 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_1314/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 27–30 May hearings, be Friday, 26 July 2013.

Procedural and other matters

Changes to portfolios

1.7 Under changes to the machinery of government of March 2013 the Climate Change and Energy Efficiency Portfolio was disbanded. The amended Administrative Arrangements Order transferred all climate change responsibilities to the Industry, Innovation, Climate Change, Science, Research and Tertiary Education portfolio and all energy efficiency responsibilities to the Resources, Energy and Tourism portfolio.

1 *Journals of the Senate*, No. 144, 14 May 2013, p. 3915.

2 *Journals of the Senate*, No. 121, 1 November 2012, p. 3239.

1.8 On 15 May 2013, the Senate allocated responsibility for Climate Change matters to the Environment and Communications Committee.³

Late answers to questions on notice

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

1.10 The committee notes that it had set Friday, 12 April 2013 as the date for the return of answers to questions taken on notice during the Additional Estimates held in February 2013. However, at that date there was a total of 772 answers outstanding to 929 questions on notice across the three portfolios, as follows:

- Broadband, Communications and the Digital Economy portfolio, 451 of 452;
- Climate Change and Energy Efficiency portfolio, 144 of 226; and
- Sustainability, Environment, Water, Population and Communities portfolio, 177 of 251.

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

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

Portfolio specific issues

1.13 On the first day of its examination of the 2013–14 Budget Estimates, the committee called and examined officers from the Climate Change outcome area of the Industry, Innovation, Climate Change, Science, Research and Tertiary Education (IICCSRTE) portfolio including the Clean Energy Regulator and the Climate Change Authority.

1.14 The committee welcomed Senator the Hon Don Farrell, Minister for Science and Research, representing the Minister for Climate Change, Industry and Innovation, the Hon Greg Combet MP.

1.15 The committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Monday, 27 May 2013.

Climate Change, Outcome 4: Reduction of Australia’s greenhouse gas emissions, adaptation to the impacts of climate change, and negotiation of an effective global solution, through the development and implementation of a national response to climate change; and bilateral, regional and multilateral engagement internationally

1.16 Before commencing general questions of the department, the chair noted that general questions of the department concerning corporate administrative matters should be addressed to the relevant area of the Department of Industry, Innovation, Climate Change, Science, Research and Tertiary, scheduled to appear the following

3 *Journals of the Senate*, No. 145, 15 May 2013, p. 3929.

week before the Economics Legislation Committee. Questions commenced including about:

- the transfer of climate change functions (pp 3–4)
- staff placements and redundancies (pp 3–8).

1.17 At the conclusion of general questions, the committee called departmental officers in relation to Program 4.1: Reducing Australia's greenhouse gas emissions. Matters raised included:

- role played in the revisions and settings of the new estimates for carbon prices in the budget (pp 8–13)
- numbers of permits available for auction in 2015–16 (pp 13–14)
- revenue changes related to the adoption of the second Kyoto commitment period and new greenhouse gas global warming potentials (pp 14–16, 17–22, 26–28)
- rollout of the King Island Renewable Energy Integration Project (pp 16–17)
- level of renewable energy output since the introduction of the carbon price (p. 17).

1.18 Officers from the *Clean Energy Regulator* were called and examined. Matters raised included:

- attendance of Ms Munro at a global carbon expo conference in Europe (p. 28)
- operation of and compliance issues surrounding the Renewable Energy Target (pp 29–33)
- schedule for the carbon unit auction (pp 34–40).

1.19 Officers were called and examined in relation to Program 4.2: Adapting to Climate Change. Matters raised included:

- public information activities (pp 40–43)
- decision to defund the national adaptation research facility (pp 43–45)
- update about the Natural Resource Management Planning for Climate Change Fund (pp 45–49)
- role of the Select Council on Climate Change (pp 49–50)
- assessing emissions from rubbish tips and green waste facilities (pp 50–52).

1.20 Officers from the *Climate Change Authority* were called and examined. Matters raised included:

- attendance of the CEO at an international climate change conference and the United Nations Framework Convention on Climate Change (UNFCCC) negotiations (p. 53)

- progress of the caps and targets review (pp 54–67).

1.21 Officers were called and examined in relation to Program 4.3: Helping to shape a global climate change solution. Matters raised included:

- submission made to the UNFCCC concerning negotiations for achieving a globally binding treaty by 2015 (pp 67–71)
- process for the finalisation of the one-way linking arrangements for using emission limits from Europe with the European Commission (pp 71–74)
- funding for the Kalimantan Forests and Climate Partnership (pp 74–75)
- progress of the Partnership for Market Readiness and the Asia Pacific Carbon Markets Roundtable (pp 75–77)
- engagement with China on its proposed pricing of carbon (pp 77–78, 80–81).

1.22 Officers were called and examined in relation to Program 4.4: Program Support. Matters raised included:

- landfill emissions, process for calculating and assessing (pp 82–88)
- expanding the carbon tax regime to include the transport sector (pp 88–90)
- abolition of the non-Kyoto fund (pp 90–92)
- the Energy Security Fund (pp 92–94).

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

1.23 On the second day of hearings, the committee called and examined officers from the Sustainability, Environment, Water, Population and Communities portfolio.

1.24 The committee welcomed Senator the Hon Don Farrell, Minister for Science and Research, representing the Minister for Sustainability, Environment, Water, Population and Communities, the Hon Tony Burke MP.

1.25 The committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Tuesday, 28 May 2013.

1.26 General questions were asked of the department about:

- cost of redundancies in 2012–13 and general staff reduction numbers (pp 4–9).

1.27 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:

- staff numbers (pp 9–10)
- recommissioning of the Tennant Creek radar (pp 10–14)
- funding for advertising on the bureau's website (pp 14–15)

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- recommendation for the closure of terminal area forecasts in 78 airports across Australia (pp 15–18)
 - costs for the next generation forecast and warning system (pp 18–20).

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

- Reef Rescue funding arrangements (pp 21–22)
- funding for the crown-of-thorns starfish eradication program (pp 22–24, 32–33)
- funding and staff levels (pp 24–26)
- the World Heritage Committee report on the state of the Reef (pp 26–28)
- finalisation of the Great Barrier Reef Marine Park strategic assessment (pp 28–32).

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

- reasons for reduced revenue forecast (pp 33–34)
- culling programs and feral animal management program (pp 37–38, 41–42)
- upgraded facilities and visitor numbers to Uluru (pp 38–40)
- update on the yellow crazy ant eradication program on Christmas Island (pp 40–41).

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

- programs funded under the Caring for our Country program (pp 43–47, 66–69)
- the Working on Country program (pp 47–48)
- marine debris threat abatement plan (pp 48–52)
- proposed cattle grazing in national parks (pp 52–56, 64–66, 71–72)
- status of investigation into environmental stewardship funding to the Empire Property Investment Group (pp 56–59)
- progress report on the fisheries adjustment assistance package (pp 59–62)
- future management arrangements of Commonwealth marine reserves (pp 62–64)
- funding for the Tasmanian Forest Agreement (pp 64, 69–71).

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

- current status of the International Court of Justice case between Australia and Japan regarding whaling (pp 73–76).

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

- rephrasing of funding from the biodiversity fund (pp 79–80)
- number of projects funded (pp 80–86).

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

- automotive refrigerant gas sector, degassing of written-off vehicles (pp 86–87)
- attendance at Rotterdam convention and the listing of chrysotile asbestos on annex III of the convention (pp 87–89)
- funding in relation to synthetic greenhouse gases and ozone depleting substances (pp 89–94).

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

- expected jobs created under the Suburban Jobs Programs in Penrith, Melton and Playford (pp 95–96)
- role of the National Sustainability Council (p. 97).

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

- proposed upgrade of the *Aurora Australia* and proposals for a replacement vessel (pp 98–101, 105–106)
- funding for the Antarctic Division (pp 101–103, 104–105)
- number of flights to Wilkins during the year (pp 103–104).

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

1.37 The page references beside each matter below refer to the proof transcript for Wednesday, 29 May 2013.

1.38 The committee welcomed Senator the Hon Don Farrell, Minister for Science and Research, representing the Minister for Sustainability, Environment, Water, Population and Communities and officers.

1.39 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:

- funding for projects within Restoring the Balance program (p. 4, 9–10)
- update on progress of intergovernmental agreements for implementation of the basin plan (pp 5, 31–33)

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- progress report on the Nimmie-Caira proposal (pp 5–7, 10, 29–30, 46)
 - research of groundwater resources in the Menindee region (pp 6–9)
 - water recovered towards the basin plan target and buybacks (pp 11–16, 33–34)
 - impact on the Murray-Darling Basin Authority of reduced state government funding (p. 17, 34–35)
 - funding provided for the South Australian Riverland Floodplains Integrated Infrastructure Program (pp 19–21, 23–24)
 - monitoring and evaluation of On-Farm Irrigation Efficiency Program projects (pp 24–25)
 - approval of coal seam gas projects, water monitoring and management programs, conditions for storing salt residue (pp 26–29, 35–37)
 - appointment of three new commissioners and a new chair to the NWC board (p. 38).

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

- total water delivered to the environment (p. 39)
- staff numbers and location (pp 40, 44–45)
- value of the water asset (p. 40)
- environmental water plan (pp 42–43, 46).

1.41 The chair welcomed Senator the Hon Jan McLucas, Minister for Human Services, representing the Minister for Sustainability, Environment, Water, Population and Communities.

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

- proposal to build a bridge in Windsor, NSW and the impact on Thompson Square (pp 47–49)
- possible impacts of the NSW government implementing its standard instrument local environmental plan on adjacent World Heritage areas (pp 49–50)
- proposed shooting and recreational hunting in NSW national parks (pp 50–51)
- staff cuts in the environmental regulation and heritage areas (pp 51–52)
- update on proposed nomination for World Heritage Listing for the Burrup; Cape York and for minor boundary adjustment in Tasmania (pp 52–57, 66, 89)
- status of the listing of the Cascades Female Factory in South Hobart (p. 60).

1.43 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 office of supervising scientist in the environmental impact assessment of the Toro project in WA (p. 61)
- status of the Ranger 3 Deeps in Kakadu (pp 62, 65)
- measures taken to stabilise cracking in the pit wall at Ranger (pp 63).

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

- assessment of a nomination of a key threatening process for marine seismic surveys around nine species (p. 66)
- proposal to allow cattle grazing in some Queensland national parks (pp 67–69)
- procedures for moving on flying fox species (pp 69–70, 85) and bats (pp 77–78, 85)
- approval process for coal seam gas projects and water monitoring and management plans (pp 72–73)
- modelling of dredging and dump spoil movements in the Great Barrier Reef (pp 73–76)
- approval of the Wiluna uranium project on the north-east goldfield in WA (pp 78–82)
- costs of implementing the water trigger amendments to the EPBC Act (pp 83–85, 86–87, 88).

Broadband, Communications and the Digital Economy portfolio

1.45 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.

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

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

- purpose of amendments to the ABC's charter (p. 92)
- suggestion to privatise the ABC and the SBS (pp 92–93)
- use of the Perth production facilities (pp 93–94)
- social media use, Russell Skelton Twitter pages and appointment as fact checker (pp 95–105)
- use of Vote Compass (pp 102–104)
- closure of the production unit in Tasmania (pp 105, 107)

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- loss of contract with the BBC to Foxtel (pp 106, 109–111)
 - centralising of the film archive in Sydney (pp 107–109)
 - jamming of Radio Australia's signal into Asia (pp 112–113)
 - funding for emergency broadcasting services (p. 116).

1.48 Questioning commenced of the *Telecommunications Universal Service Management Authority*. The chair welcomed Mr Robert Lomdahl to his first estimates appearance and invited him to make an opening statement. Questioning commenced and matters raised included:

- assessing Telstra's performance in providing telephone services meeting its obligations (pp 118–119)
- procedures for the migration of voice-only customers to the NBN (pp 119–121).

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

- progress report on the development of the plan to transition wireless microphones out of the 700 megahertz band (pp 122–125)
- details of published tenders (pp 125–126)
- progress of regulation of live odds betting on television (pp 126–127, 129)
- ACMA's role in the National Cyber Security Awareness Week (pp 127–128)
- extent of the use of section 313 of the Telecommunications Act to block websites (pp. 129–130)
- conclusion of the spectrum auction (pp 130–133).

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

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

1.52 The committee raised a range of matters which are noted below. The page references beside each matter refer to the proof transcript for Thursday, 30 May 2013.

1.53 Before general questions commenced, the Minister made a statement about a number of recent issues relating to the handling of asbestos in telecommunications infrastructure. Questioning then commenced of the department. Matters raised included:

- follow up questions about recent asbestos incidents (pp 4–6)
- extent of the use of section 313 of the Telecommunications Act to block certain websites (pp 9–15).

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

- purpose of additional funding (pp 15–16)
- extent of in-language broadcasting (pp 18–20)
- suggestion to privatise the ABC and the SBS (p. 20)
- progress of the NITV channel (pp 21–22)
- in-program advertising (pp 22–23).

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

- number of households in Adelaide applying for assistance under the Household Assistance Scheme (pp 23–24, 26)
- update on the percentage in households in Brisbane, Gold Coast and Noosa areas that have switched over (23–25)
- number of installations of VAST (p. 25, 34)
- resolution of transmission issues across the Hunter region (pp 26–28)
- differences between proposed regulation of live odds television advertising and SA code of practice (pp 28–34).

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

- average salary of 'posties'; collective agreement negotiations (pp 36–37, 46)
- launch of the digital mailbox (pp 39–41, 45)
- payments to operators of licensed post offices (pp 41–42, 48–49)
- delivery to private residences in Marian, Queensland; survey procedures (pp 43–44, 47)
- guaranteed next business day delivery Express Post network (pp 46, 50–51).

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

- details concerning the corrigendum to the PBS (pp 53–55)
- any proposals to mandate the use of the digital mailbox service across government agencies (p. 55)
- purpose of the sixth mux (or multiplexer) spectrum (p. 56)
- the spectrum sale process (pp 56–58)
- funding of the regional telecommunications review response and the satellite phone subsidy scheme (pp 60–61)

- effectiveness of the digitalbusiness.gov.au website (p. 62).

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

- potential legal liability of the Commonwealth resulting from recent asbestos remediation work (pp 63–64)
- size and font used in telephone books (pp 64, 70)
- funding for advertising of the NBN (pp 65–67)
- timeline of incidents and issues relating to asbestos exposure in the rollout of the NBN (pp 67–69)
- existence of an integrated mapping system of communications infrastructure including broadband, phone, free-to-air broadcasting and mobile services (pp 73–74)
- purpose of additional \$2.4 million capital funding (pp 74–76)
- process for progress reporting between the NBN Co and the department (pp 76–80)
- amount budgeted for contingent/termination liabilities (pp 80, 81)
- status of internet services on Lord Howe Island (p. 81–82)

1.59 The *NBN Co* was then called and examined. The Chief Executive Officer, Mr Mike Quigley made an opening statement and tabled updated Activity Profile sheets indicating premises passed, take-up rates, average usage rates and results of a retail price survey. Questioning commenced and matters raised included:

- circumstances surrounding incidents associated with the handling of asbestos, work safety training (pp 84–92, 95–99)
- number, if any, of 457 visa workers currently employed (p. 92)
- Profile Activity sheets, including take up rates by Fibre Servicing Area Module (FSAM) brownfields (pp 92–94, 104–106, 122)
- operation of the board (pp 99–102)
- progress report on the rollout for the fixed wireless and satellite service (pp 106–113)
- issues arising from the financial statements (pp 113–122)
- purchase of the TransACT fibre-to-the-premise network (pp 124–125)
- numbers of contracts let to date for fibre rollout (p. 127).

Acknowledgements

1.60 The committee thanks Senator the Hon Don Farrell, Minister for Science and Research; Senator the Hon Jan McLucas, Minister for Human Services; Senator the Hon David Feeney, Parliamentary Secretary for Defence; 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