

SENATE ECONOMICS COMMITTEE

QUESTIONS ON NOTICE – ADDITIONAL ESTIMATES HEARING – 15 FEBRUARY 2012

RESOURCES, ENERGY AND TOURISM PORTFOLIO

Q No.	Program, Division or Agency	Senator	Broad Topic	Question	Proof Hansard Page and Hearing Date or Written Q	Date Response Rec'd	Date Tabled
AR1	RET	Bushby	Global CCS Institute - funding	<p>Senator BUSHBY: When this was originally set up, the government's media release that it put out at that time stated that up to \$100 million would be provided to the institute each year. Is it true that the funding agreement that was signed between the department and the institute actually had a fixed \$100 million a year or thereabouts?</p> <p>Ms Sewell: The original funding agreement had an amount of, I think, \$60 million as a fixed payment annually. Then the rest of the funding accounted for up to \$100 million, depending on the proposed work program.</p> <p>Senator BUSHBY: And has that changed since that was put in place?</p> <p>Ms Sewell: As Ms Bennett noted, the funding agreement has been reissued. So we now have a new funding agreement which goes out to 2016-17 to take account of the government's May budget announcement that the term of the funding commitment had been extended from the original four years that were announced.</p> <p>Senator BUSHBY: So what is the fixed component now?</p> <p>Ms Sewell: I might hand over. The amount of money has not changed. The government's commitment to the institute is \$315 million.</p> <p>Senator BUSHBY: You just said that there was \$60 million fixed and up to \$40 million to provide that up to \$100 million. Is it still \$60 million fixed?</p> <p>Ms Sewell: No. I might need to take that on notice. But my understanding is we have now specified the milestone payments, so we have allocated an amount in each financial year going out to 2016-17.</p> <p>Senator BUSHBY: If you do not have that with you, you could take that on notice.</p> <p>Mr Clarke: To clarify, the top line number remains \$315 million.</p>	Page 94-95 15/2/2012	29/03/2012	

AR2	RET	Bushby	Global CCS Institute – Financial Report	<p>Senator BUSHBY: Very good. I might put on notice later and seek an update of some of the information that I sought earlier about what they have been spending on administration, travel and flights and so on. I will not worry about that here. I will chase that up later.</p> <p>Senator Chris Evans: There is a financial report each year from the organisation.</p> <p>Ms Bennett: That is made available to members, yes.</p> <p>Senator Chris Evans: Is that a public document?</p> <p>Ms Bennett: We would have to take that on notice.</p> <p>Senator Chris Evans: It may be easier to give you the full report.</p> <p>Senator BUSHBY: For your benefit, Minister—you will hear that I have done it before—I have asked some detailed questions.</p> <p>Senator Chris Evans: I am just saying that if we are going to look at the report to give you the information, we may as well give you the report.</p> <p>Senator BUSHBY: If you can, that would be great. Thank you.</p>	Page 96 15/2/2012	29/03/2012	
AR3	RET	Bushby	Global CCS Institute – Board Membership	<p>Mr Clarke: The constitution defines the manner in which the board is appointed. There are structures and so on around that. That is the principal governance structure.</p> <p>Senator BUSHBY: And how long has the institute board been in place? When was it actually appointed?</p> <p>Ms Sewell: If you are after the exact date, we would have to take that on notice. With the commencement of the institute, there was not a full board membership in place. But the board obviously was in place at the start of the institute in 2009. Two additional members came on to the board, I think, in 2010.</p> <p>Mr Clarke: We can give you the timing of the build-up of the board.</p> <p>Senator BUSHBY: Can you also indicate when the first properly constituted meeting of the board occurred?</p> <p>Mr Clarke: Yes. And, indeed, of the company, because, of course, the company is required to hold that as well.</p> <p>Senator BUSHBY: Thank you.</p>	Pages 96-97 15/2/2012	29/03/2012	

AR4	RET	Bushby	Solar Flagships – forward estimates	<p>Senator BUSHBY: With regard to Solar Flagships, I will not touch on a lot of the stuff that you have touched on before. Senator Milne will get into that in a minute. I am interested in looking at some of the budget figures. It is hard to get my head around this myself. The program was introduced with the 2009 budget. Funding was \$1.5 billion over six years from 2009-10 to 2014-15. An amount of \$220 million of that was deferred to 2015-16 and 2016-17 as a 2011 budget measure. The minister then released a statement on 12 May 2011 denying program cuts and confirmed that \$1.15 billion would be available in the forward estimates period—that is the key—and \$370 million in out years. The DRET 2011 budget statement at page 38 shows \$67.8 million plus \$201.2 million plus \$210.7 million and \$113.5 million in the forward estimates period. That only adds up to \$593 million for that period, not the \$1.15 billion that the minister was talking about on 12 May. Can you explain that disparity to me, please?</p> <p>Ms Rose: There are also unpublished numbers in the out years.</p> <p>Senator BUSHBY: The minister said that there will be \$1.15 billion available in the forward estimates, but what shows up in the budget papers does not add to that. It adds up to \$593 million for the forward estimates.</p> <p>Ms Rose: Beyond the published forward estimates there is additional funding. So the current published forward estimates are to 2014-15, I believe. There is funding in the Solar Flagships Program going out to 2019-20.</p> <p>Senator BUSHBY: And that is not inconsistent with what the minister said. He said there would be \$1.15 billion available in the forward estimates and another \$370 million available in those out years. But that is not the way that it has ended up in the department's budget—that break-up. I am talking about the split between that.</p> <p>Ms Rose: So the other balance that is not visible in the appropriation numbers is the cash balances available in the clean energy initiative special account. So they are funds that were appropriated in prior years that remain unspent for the program.</p> <p>Senator BUSHBY: So when the minister talks about \$1.15 billion, he is not just including the stuff that shows up in the budget papers as per Solar Flagships; he is also including what you have just referred to?</p>	Page 100 15/2/2012	29/03/2012	
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				<p>Ms Rose: That is right. Because that bucket of money remains available to the program. I want to clarify one more thing. There is also a bucket of money available in the Department of Industry, Innovation, Science, Research and Tertiary Education out of the CEP bucket.</p> <p>Senator BUSHBY: Can you provide figures for both those buckets of money on notice for me, please.</p> <p>Ms Rose: Yes, absolutely.</p> <p>Senator BUSHBY: Thank you.</p> <p>CHAIR: And you might use the word 'accounts', not 'buckets'.</p>			
AR5	RET	Milne	Solar Flagships – solar thermal and solar photovoltaic	<p>Senator MILNE: I am glad to hear that is underway. I would like to move on now to the flagships program. Thank you for the statement before. Can you tell me how many solar thermal applications were received in the first round?</p> <p>Mr Stone: I do not have a breakdown here between the solar thermal and the solar photovoltaic, but there were 52 applications or expressions of interest received in the first stage of the process.</p> <p>Mr Clarke: From memory, there were a few more on the PV side than the thermal side.</p> <p>Mr Stone: Yes. That is correct.</p> <p>Mr Clarke: It will be in the order of magnitude of 20 thermal and 30 PV.</p> <p>Senator MILNE: Can you take that on notice?</p> <p>Mr Clarke: I am sure we can get that to you very quickly, yes.</p> <p>Senator MILNE: You can provide that on notice.</p>	Page 101 15/2/2012	29/03/2012	

AR6	RET	Waters	Departmental conflict of interest processes	<p>Senator WATERS: Does the department keep any records of how many staff leave the department and subsequently work for mining companies or for lobbying firms and other companies which have mining companies as their main clients?</p> <p>Ms Rose: We do keep informal records about staff who have left the department but we do not maintain it. It is more anecdotal than about specifically where the departures are going to.</p> <p>Mr Clarke: We conduct exit interviews with all staff.</p> <p>Ms Rose: They do not necessarily disclose, when they are going to the private sector, exactly where they are going.</p> <p>Senator WATERS: Is there a cooling-off period specified when staff are hired to avoid any potential conflict of interest?</p> <p>Ms Rose: There are a couple of things around conflict of interest. We do not have a cooling-off period, but there is a probation period for employees joining the public sector for the first time. So if they are transferring from another Commonwealth agency, generally they have had a probation period elsewhere and that is more focused around suitability and performance than just—</p> <p>Senator WATERS: That is just your standard probationary period that anyone would be subject to, yes.</p> <p>Ms Rose: In terms of conflict of interest, we have a few things in the department specific to identifying conflict of interest. We have a security clearance process where people have to divulge a range of personal information to achieve a security clearance. We then have a separate process where there is a declaration of any potential or perceived conflicts of interest with staff.</p> <p>Senator WATERS: Could you table perhaps the forms of any processes and procedures that you have got that relate particularly to that declaration of potential conflicts of interest?</p> <p>Ms Rose: No problem.</p>	Page 105 15/2/2012	29/03/2012	
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AR7	RET	Cameron	Training and Skills in the Mining Industry	<p>Senator CAMERON: I think I agree with you. Senator Bishop and I had a discussion on this during the break and he pointed out exactly the same issue. What I am raising with you is: given that it is more complex and this is the best I can get in terms of an analysis of where it is all up to, is there any work being done by the department to look at a more sophisticated and detailed analysis of not only the training that is being done but the skill needs, and matching that as to where we are going?</p> <p>Senator Chris Evans: I will let the department answer from their point of view, but my department is doing it, Skills Australia is doing it, and we are trying to get that better. There is the Skills Connect program we announced, which is about trying to connect with areas like BlueScope, where we lost workforces, to try and connect them to job opportunities. There is a lot of that going on. Miners are looking at places. Not all of them want to do that.</p> <p>Senator CAMERON: But a 55-year-old boilermaker at BlueScope Steel, with a family and grandkids in Wollongong, is not going to pack up and go to Karratha.</p> <p>Senator Chris Evans: Some of them are.</p> <p>Senator CAMERON: Some of them might, but not the majority.</p> <p>Senator Chris Evans: And BHP were straight in there the next day, saying, 'We'd like some of these guys because they've got good skills, industrial experience. They are mature.' They were seen as desirable, though maybe not the ones over 55.</p> <p>CHAIR: Minister, I am sorry—</p> <p>Senator Chris Evans: Yes, my fault.</p> <p>CHAIR: This is a fascinating discussion. I have enjoyed it, and everything you have said is correct, but I have been reminded by my colleague here that time is up, so we will have to end it. The department might care to take the question on notice that Senator Cameron just asked, because it is a valuable question. We now will continue with the Department of Resources, Energy and Tourism. We now turn to the tourism outcome.</p>	Pages 107-108 15/2/2012	29/03/2012	
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AR8	RET / TA	Bushby	Tourism Budget and Impact of Public Sector Cuts	<p>Senator BUSHBY: Thank you to the officers from the department and Tourism Australia for assisting us tonight. In December's Mid-Year Economic and Fiscal Outlook the Treasurer acknowledged that there was enduring global turbulence and that this means unsettled consumers with a lower consumer confidence, who will remain hesitant to take a holiday. In that context, what has been the impact of the government's reduction in overall funding to tourism by around \$7 million?</p> <p>Mr McEvoy: I am not sure about the question regarding a reduction in funding. What I can talk about is what is happening in the industry at the moment. We actually had growth in domestic tourism last year, including some good growth in places like Queensland—which, as you will remember, the previous year was badly affected by Yasi and floods. So domestic tourism had moderate growth last year. Inbound tourism was flat, largely due to the macroeconomics of the UK, Europe and the US. But certainly we had terrific growth out of Asia, led by China, which was up about 20 per cent, and with double digits out of places like Indonesia, Malaysia, Singapore, India—and the Kiwis kept coming in spite of the World Cup, which they won, where they did not move for six weeks. So in a tough year the Australian tourism industry, I would argue, performed reasonably well. I am not sure about the question on budget, though.</p> <p>Senator BUSHBY: Presumably the budget provided to you—and you might care to expand on it—is there for you to sell tourism as a spending choice for Australians and people from overseas.</p> <p>Mr McEvoy: Yes.</p> <p>Senator BUSHBY: The smaller the budget, the less flexibility you have to deliver that. The context of the question was: at a time when people are a little bit uncertain and tending to save more than they did a few years back, how does a reduction in the flexibility that you have in your budget to go off and sell Australia as a tourism destination work?</p> <p>Mr Clarke: I am struggling to join the dots up. Like Mr McEvoy, I am looking at the budget numbers for Tourism Australia in the current and out years, and I do not see the \$7 million that you are talking about. I see \$132.8 million in 2011-12, \$133.9 million, \$135.9 million, \$136.9 million.</p>	Page 108 - 109 15/2/2012	29/03/2012	
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			<p>Senator BUSHBY: I have got the reference to that in here. I will have a look at that in a minute. I will come back to that.....</p> <p>-----</p> <p>Senator BUSHBY:In terms of that \$7 million, what I was looking at was my calculation of a combined Tourism Australia and department reduction as a result of the efficiency dividend. So there is, overall, \$7 million less available for the overall tourism spend between the department and TA.</p> <p>Mr McEvoy: From a Tourism Australia perspective we can just give you the numbers in terms of what the efficiency dividend means to our organisation.</p> <p>Mr Craig: The new 2½ per cent efficiency dividend for 2012-13 is \$3.3 million. There will be \$3.4 million in 2013-14, \$3.4 million in 2014-15 and \$3.5 million in 2015-16. That will be the financial impact.</p> <p>Senator BUSHBY: That is \$13-odd million over four years—</p> <p>Mr Craig: That is correct.</p> <p>Senator BUSHBY: that TA will have reduced in terms of what it would otherwise have had in order to sell Australia as a tourism market.</p> <p>Senator CAMERON: Can I ask a question on that point, Chair?</p> <p>CHAIR: You may, Senator Cameron.</p> <p>Senator CAMERON: What would be the department’s contribution to 12,000 job cuts across the board in the public sector and what would be the implications for the department in relation to that type of cut?</p>			
			<p>Mr McEvoy: From a Tourism Australia perspective we are a statutory authority. We have a head count which is pretty stable and there is no intention—</p> <p>Senator CAMERON: I asked it of the department.</p> <p>Mr McEvoy: Okay.</p> <p>Mr Clarke: I am not sure if I can do the mental arithmetic quickly enough. RET is a relatively small department, with an order of magnitude of 500 staff, but to do the mental arithmetic that I think you are asking for across the APS I would have to take that on notice.</p> <p>Senator CAMERON: I am happy for you to take it on notice. Can you look at the sort of cost equivalent in relation to the questions that have been asked by Senator Bushby?</p> <p>Mr Clarke: Certainly.</p> <p>Senator CAMERON: Thanks.</p>			

AR9	RET	Bushby	Tourism Industry	<ol style="list-style-type: none"> 1. What reviews have been undertaken in relation to the operation of the Pacific Guest Worker Scheme? 2. The Minister for Resources, Energy and Tourism has referred to a trialled expansion of the Pacific Guest Worker Scheme for hospitality workers in Broome to deal with the chronic shortage of workers in the tourism and hospitality sector. Yet the Department of Resources Energy and Tourism has refused to answer Estimates Questions on what reviews have been undertaken into this scheme – saying that this is a matter for your Department. 3. What reviews have been conducted into the Broome Hospitality Trial before a decision was made to expand this scheme? 4. What were the results of the trial? Will the Department release the detail of the review? 5. What is the rationale behind importing foreign workers as cleaners and other unskilled workers in the tourism and hospitality industry, when Australia does not have a 0% unemployment rate? 6. The Committee’s attention was drawn to a Frontier Economics report on the impact of the climate change a year ago, before the Government’s clean energy bills were debated in the House. The Department indicated the report would be published on the website “in due course”. I note a draft report was received on 10 February 2011. While this would have been informative for the House and the Senate in debating the ‘Clean energy bills’, the report has not been made public, and at Additional Estimates in October, this committee learned that “a public release is not planned at this stage”. Has the Department decided to sit on this report indefinitely, or will you release it before the next federal election? If not, why not? 	Written	29/03/2012	
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			<p>7. In an answer to a question on notice at Additional Estimates, the department indicated that the cash balance as at 30 June 2010 was \$20 million, a net increase of an approximately \$8 million compared to 30 June 2009, mainly as a result of foreign exchange gains. Given that the Department refunded \$12.5 million to the Government because of the high dollar, did the Department make the case that Tourism Australia (TA) be spared further budget cuts at last year's mini-budget? In other words, because the high dollar is hurting tourism, did the Department make the case that Tourism Australia's budget and the Department's Tourism budget be spared cuts of around \$7m in total?</p> <p>8. I am not satisfied that an adequate answer has been given to Question On Notice regarding the development and implementation of KPIs for tourism, at Additional Estimates last year (Question SR-36). Can the Department review this answer and provide detail on exactly how Departmental Officers and Tourism Australia's officers are held accountable for the lacklustre performance in Tourism, in light of</p> <ul style="list-style-type: none"> • Australia's slide from 4th to 13th place in the World Economic Forums ranking of countries by tourism competitiveness since 2008; • ABS data showing domestic overnight trips have fallen from 72 million to 64 million (7.8 percent); [update with figures since 2007 instead of these decade long stats] • Tourism's share of capital expenditure has decreased from 3.5 percent to 3.0 percent; and • Australia's share of global international arrivals has declined from 0.69 percent to 0.57 percent (17.3 percent). <p>This time, please indicate are objectives SMART objectives (Specific, Measurable, Achievable, Relevant, and Timed)?</p> <p>9. Turning now to the government's announcement of 24 January 2012 "New labour agreement to help tourism employers"; what will the proposed agreement do to make it easier to engage overseas workers?</p>			
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				<p>10. Considering all of the standard sponsorship tests still need to be addressed, including</p> <ul style="list-style-type: none"> • Undertaking a labour market demand test; • Demonstrating commitment to training; and • Demonstrating a satisfactory employment record, <p>isn't it the case that the crisis in staffing of the tourism and hospitality sector is, in reality, not eased at all?</p> <p>11. Given in the last budget, resources have been diverted from the TQUAL program to Enterprise Connect, to what extent will Enterprise Connect be able to be used by tourism businesses as none of the current Partner Organisations or Business Advisors have any specific tourism expertise and no additional service providers are to be sourced until 2013?</p>			
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AR10	RET / TA	Bushby	Tourism – labour, skills, budget and marketing	<ul style="list-style-type: none"> • I note work being undertaken by the resilience working group under the National Long-Term Tourism Strategy, looking at climate change has been completed. To what extent has this report canvassed the impact of measures to address climate change and their impacts on the industry? • Tourism Australia Managing Director Andrew McEvoy has previously said there would be a time delay before deciding whether there are concerns about the impact of a carbon tax on tourism operations. Has this decision been reached? • From my reading of the Request for Tender documentation supplied with BR12, there is no direction to examine the impact of the carbon tax. Is this correct? • Senator Sherry stated at estimates in June last year that the impact of a carbon tax ‘would become part of the study for the purpose of the study’ - was the impact of the carbon tax on the industry also modelled? • How is Tourism going to address the budget cuts it is facing? • What is the extent of those cuts as they stand, against the highest level of allocated funds previously provided in total? Can breakdown be provided please? • What efficiencies have been found and how has that played out in terms of dollars/positions? • Tourism stakeholders have raised concerns in the media about the detrimental impact the Fair Work Act is having on the sector (reported in the Australian Financial Review P.5 16/01/2012. Does the department/TA find that many operators and businesses are choosing not to open on weekends/public holidays because of the expense? • Tourism Australia Chairman Geoff Dixon has suggested state tourism authorities should hand over some of their marketing budgets to TA to centralise the advertising of Australia overseas (reported in the Australian Financial Review P.3 23/11/2011). Why is forming a pool of funds with the state governments to market Australia overseas seen as being a preferred model for marketing? • Has TA had any discussions about this with the states? What has been their response? • Would states contribute different amounts? • Is Australia spending enough on marketing the nation as a tourist destination? 	Written	29/03/2012	
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				<ul style="list-style-type: none"> • Have the outcomes from Oprah Winfrey’s trip to Australia been measured? • How much money was provided to Ms Winfrey for her trip? • What follow-up opportunities were identified following the trip, in order to maximise the taxpayer spend? 			
AR11	RET	Siewert	2012 Oil & Gas Acreage Shortlist	<ol style="list-style-type: none"> 1. What is the process for determining the 2012 Oil and Gas Acreage Shortlist? 2. What advice is sought from SEWPAC regarding environmental issues in the short listed areas? 3. Is any regard given to the proposals for marine protected areas currently being considered by the Government? 4. Does this process include cabinet approval? 5. Does this process allow for public or scientific community input? 6. What is process for determining which of the short listed acreages will be released? 7. Who else is consulted before the release of any short listed acreage? 8. How many square kms of acreage have been short listed each year for the past ten years? <ol style="list-style-type: none"> a. and of that total acreage short listed, how much has been subsequently released and how much has been taken up? 	Written	29/03/2012	

AR12	RET	Brown, B	Mining Economics	<p>We are still awaiting Treasury's response to Sen Brown's question at the October estimates about the optimal rate of minerals extraction. This is a related question. If one company owned every coal mine in Australia, do you think it would be digging up the coal faster, slower or at the same pace?</p> <p>How much of the slowdown in multifactor productivity evident over the past decade is attributable to falling productivity in the mining sector?</p> <p>Is the fall in mining productivity just a result of delays between investment spending and subsequent production, and if so when would you expect it to be reversed?</p> <p>Is it because higher commodity prices are leading to exploitation of lower quality or less accessible reserves?</p> <p>Or is it a reflection that high profits have led to mining companies being careless in controlling costs?</p>	Written	29/03/2012	
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