Chapter 2

Transport and Regional Services portfolio

Department of Transport and Regional Services

2.1 The committee heard evidence from the department on Monday, 13 February and Friday, 17 February 2006. The hearing was conducted in the following order:

- Corporate Services
- Portfolio Strategic Policy and Projects
- AusLink
- Maritime and Land Transport
- Australian Transport Safety Bureau
- Office of Transport Security
- Inspector of Transport Security
- Aviation and Airports
- Civil Aviation Safety Authority (CASA)
- Australian Maritime Safety Authority
- Regional Services
- Territories and Local Government
- National Capital Authority

Secretary's overview

2.2 In his opening remarks to the committee, the secretary of DOTARS, Mr Mike Taylor, gave an overview of developments within the department. He outlined key changes to senior management within the organisation, including the appointment of a third deputy secretary, Mr Andrew Tongue. He stated that a major priority for the department will be implementing new aviation security and surface transport measures, in partnership with other agencies and industry. He emphasised the department's continuing support for efforts to improve international cooperation on aviation security at overseas airports with direct flights into Australia. This includes the deployment of air security officers on flights from the Philippines, Indonesia, Thailand and Malaysia.

2.3 The committee was told that a taskforce has been established to oversee the implementation of the recommendations of the Wheeler review on airport security. The new Aviation Security Identity Card program requirements have been extended to all security controlled airports with regular public transport and background-checking

criteria have been strengthened. An interim Office of Airspace Management has been established to oversee the transition of airspace regulation from Airservices Australia.

2.4 The secretary highlighted new measures to assist the states with surface transport security, including a review of surface transport technology and the development of a national approach for closed-circuit television in the wake of the London bombings.

2.5 Under the AusLink plan, bilateral agreements with the states and territories have been completed, with work now beginning on the next stage for the preparation of corridor strategies with state transport agencies.

2.6 Achievements in regional and rural areas included the introduction of the Rural-Medical Infrastructure Fund, continuing installation of Bank@Post electronic banking facilities, agreement on a trial of the compulsory national education scheme for P-plate drivers and the continuation of the bushfire mitigation program.

2.7 The secretary explained that the needs of Indigenous communities remain a high priority for the department. As sponsor of the COAG East Kimberley trial, the secretary sits on the reference group with local and state community representatives. Its current focus is on housing, stores and youth.[1]

Corporate Services

2.8 The committee began by addressing the issue of answers to questions on notice from the previous round. Only 14 out of 276 answers were received by the due date of 16 December 2005. A substantial number of answers were received on the Friday before this hearing, some arriving at 4.30 pm, and more than 50 were still outstanding on the day of the hearing. The committee expressed concern that the late provision of answers did not give senators adequate time to consider the responses and pursue follow-up questions at the current hearings. The committee tried to establish whether the delays occurred in the department or in the minister's office and requested details of when answers were sent to the minister. The department took this on notice.[2]

2.9 The committee sought an update on the COAG East Kimberly indigenous trial site and asked whether a postponed visit to the trial site had since gone ahead. The department stated that a visit is now scheduled for 9 March 2006 and emphasised the importance of the local communities taking responsibility for scheduling visits. The previous visit had been postponed at the communities' request. Apart from these visits, there are two departmental officers located at Halls Creek who are in daily and weekly contact with the four communities. The department also works closely with other Commonwealth agencies such as OIPC, Health and DEST and Western Australian government agencies who deliver government programs within the communities.

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1 *Estimates Hansard,* 13 February 2006, pp. 3–6.

2 *Estimates Hansard,* 13 February 2006, pp. 3 and 6–8.

2.10 The committee asked the department whether performance indicators had been established for the trial site. The secretary pointed out the difficulties with performance indicators in remote communities, but explained that OIPC has been closely monitoring the changes that have taken place in the communities.

2.11 The committee referred to previous concerns about the high percentage of funding relating to departmental expenses and requested an update. The secretary explained that this was a misunderstanding of the department's role as sponsor. It does not provide program funding but is responsible for coordinating whole-of-government activity. In 2004–05 departmental expenditure on the trial was just over $1 million. Approximately two–thirds of this was spent on salaries and operational expenses and about one–third on projects supporting planning and governance processes within the communities.[3]

2.12 Other matters raised by the committee included:

- Decision to create the Office of Airspace Management (*Estimates Hansard*, 13 February, pp. 8–9).
- Impact of agreements reached at the COAG meeting on Friday 10 February 2006 on the reform of road and rail regulations (pp. 9–11).
- Secretary's remuneration package, including the determination under section 61 of the Public Service Act to pay for 'temporary accommodation arrangements' and 'reunion travel' (pp. 9–11 and 95).
- Whether the secretary had any knowledge of kickbacks paid to Saddam Hussein's regime (p. 12).
- Mr Cerasani's appointment to a governance position within the department (pp. 12–13).
- Departmental staffing levels (pp. 13–16).
- Effect of the new industrial relations legislation on the department's relationship with its staff (p. 16).
- Funding for the refurbishment of the national office (pp. 16–17, 26 and 42).
- Implementation of the Uhrig recommendations on corporate governance relating to statutory authorities (p. 17).
- Departmental travel: best fare of the day policy; travel budget savings over the past five years; airline lounge memberships; travel budget expended by airline (pp. 17–20).
- Indigenous employment strategy; workplace diversity program (pp. 24–25).
- Mr Fisher's role in the department; budget for Mr Fisher's group (Strategic Projects) (pp. 25–26 and 29).

3 *Estimates Hansard,* 13 February 2006, pp. 20–24.

Portfolio Strategic Policy and Projects

2.13 The Bureau of Transport and Regional Economics (BTRE) indicated that its funding for the year is $5.4 million which includes income from a small amount of consultancy work and statistical sales. Some of this funding has been used to conduct an analysis of the net economic benefit of increased competition on the Pacific air route, including a modelling component which was carried out by a consultancy, Access Economics. The bureau advised that it is unable to provide details at this stage as this research material is currently being considered by government ministers. However, the expectation is that its reports will normally be publicly released.[4]

2.14 The committee also heard evidence about:

- The effect of mid to long term prices of oil on BTRE's strategic planning for rail and roads (*Estimates Hansard*, 13 February, pp. 26–27).
- New research projects to commence this financial year (p. 28).

AusLink

2.15 The committee requested an update on the four pilot corridor strategies and was advised that they are nearing completion. The results will be presented to COAG first, who will decide whether to make them public. The department advised that each state and territory has signed a bi-lateral agreement with the Commonwealth government. In response to a request from the committee for copies of these bilateral agreements at the previous estimates round, the department explained that it is still in the process of checking with the minister and state governments whether they can be released.[5]

2.16 The committee sought an update on the following AusLink road projects:

- Ipswich-Logan Motorway interchange and upgrade between Gailes and Darra (*Estimates Hansard*, 13 February, pp. 30 and 31).
- Trial project to remove tolls for heavy vehicles using the Logan Motorway after 10 pm (pp. 30–31 and 51).
- Upgrade of intersection of Mains Road and Kessels Road in Brisbane (p. 31).
- Studies to examine options for the Goodna bypass to take traffic off the Ipswich Motorway (pp. 31–34).
- TransApex tunnel study (p. 34).
- Second Toowoomba range crossing (p. 34).
- Strategic planning for the Hobart to Devonport and Burnie corridor (p. 34).

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4 *Estimates Hansard,* 13 February 2006, pp. 27–29.

5 *Estimates Hansard,* 13 February 2006, pp. 29–30.

- Upgrade to Bruce Highway immediately north of Townsville (pp. 36–37).
- Improvements to intersection at Plainland on the Warrego Highway (pp. 37 and 51).
- Formation of a steering committee and a working group to explore future options to upgrade the Pacific Highway in New South Wales (pp. 37–41).
- Funding for the Peel deviation and extension of the Kwinana Freeway in Western Australia (pp. 42–43).
- Princes Highway safety works and Pambula River bridge project (p. 43).
- Bateman's Bay Bypass (p. 43).
- Wyong-Warnervale link road (p. 43).
- Bondi Beach project (p. 43).
- Lakes Way and Dungog Road (p. 44).
- Great Alpine Way in Victoria (p. 44).
- Metung Boardwalk (p. 44).
- Yan Yean Road (p. 44).
- Bryn Mawr project in La Trobe (p. 44).
- Tablelands road project in Queensland (p. 45).
- River Heads Road (p. 45).
- Bribie Island Road (p. 45).
- Russett Park Bridge at Mareeba (p. 45).
- Upgrade of Tasman Highway between Bridport and Scottsdale roads (pp. 45–46).
- Sisters Hills in Tasmania (p. 46).
- Outback Highway (pp. 46–47).

2.17 Other matters discussed included:

- Report on the independent assessment of the Tasmanian rail system (p. 35).
- Funding for planning of a rail freight upgrade north of Sydney (p. 35).
- Reallocation of funding originally committed to the Scoresby project in Victoria (pp. 41–42).
- Requirement for councils receiving Roads to Recovery funds to supply and erect Roads to Recovery signs (pp. 48–49 and 51).
- AusLink funded review of intermodal terminals (pp. 49–50).
- Rail projects funded under AusLink (p. 50).
- Rescue package for Tasmanian freight rail services (pp. 50–51).
- Model rail safety reform bill (p. 51).

Maritime and Land Transport

2.18 The committee followed-up on the review of coastal shipping policy which was raised during the previous estimates round. The department advised that after discussions with the Australian Shipowners Association, it prepared a paper containing draft changes to the guidelines which was circulated to 69 stakeholders. It received 11 submissions in response and has prepared advice for the minister which is still under consideration.

2.19 As part of this exercise, the minister had asked the department to review the rule that a vessel detained by AMSA within the last six months is unable to receive a permit. The department explained that it was found to be too inflexible, particularly in the case of vessels detained for short periods for minor problems which are easily remedied.[6]

2.20 The committee also sought information about:

- National Transport Commission's recommendation to the Australian Transport Council on the review of national heavy vehicle road charging (referred to as the third heavy vehicle price determination) (*Estimates Hansard*, 13 February, p. 51).
- National Transport Commission's work on fatigue in the transport industry (p. 52).
- The impact of the government's Work Choices legislation on safety in the transport industry (p. 52).
- Funding allocated to road safety research (pp. 52–53).
- Impact of skills shortages on the transport sector; increased costs for projects as a result of shortages in skilled personnel for the design, construction and maintenance of the transport infrastructure (p. 53).
- Meeting with Pan Shipping to discuss its proposed coastal shipping service between Melbourne and Fremantle (pp. 55–56).
- Report of the independent review of the Seacare scheme (pp. 56 and 80).
- Introduction of a new maritime crew visa (pp. 56–57).

Australian Transport Safety Bureau

2.21 The committee asked ATSB to explain how it determines which events to investigate and how resources are allocated to each investigation. ATSB responded that it has different responsibilities for rail, marine and aviation investigations. In terms of rail, it carries out investigations on the defined interstate rail network only; the states have primary responsibility for intrastate rail investigation. On the marine side, it investigates interstate and international shipping, with the states handling small

6 *Estimates Hansard,* 13 February 2006, pp. 53–55.

craft. Rail and marine investigations are prioritised based on the seriousness of the event.

2.22 The aviation area is more complex as ATSB has responsibility for general aviation as well as the large passenger aircraft and freight aircraft sectors. It must investigate accidents involving international carriers in Australia, in accordance with article 26 of the Chicago convention. The next priority is any fatal accident involving either passenger aircraft or general aviation aircraft but not sport aviation aircraft. However, there are some grey areas such as the recent crash involving fare-paying parachutists which ATSB is looking into. This is followed by non-fatal accidents and incidents not involving international aircraft. In these cases, the bureau tries to assess the safety significance of the event in terms of improving future safety. It has to manage the caseload within its budget, giving precedence to those with the greatest safety priority.[7]

2.23 The committee raised the investigation of the Lockhart River plane crash which occurred on 7 May 2005.[8] The committee was interested in how ATSB established the findings in its interim report regarding the operator's failure to comply with its operations manual. ATSB explained that it is a regulatory requirement for aircraft to leave a load sheet at the port of departure. As a result of interviews which its officers conducted with the agent at Bamaga and other crew members, it was revealed that the load sheet was not left behind at Bamaga and it was not normal practice to do so. However, a few months earlier CASA had conducted an audit of the operator, Transair, and renewed its air operator certificate.

2.24 Members of the committee have been contacted by relatives of those who died in the crash. They are dissatisfied with the interim report as it does not address key questions such as why the plane was flying so low, why it was descending so quickly and why it was attempting to land in poor weather. In response, Mr Bills explained:

> this was an interim factual report that was released on 16 December and it does not contain analysis. That is the major reason it would not have had comment on those matters. Given the extent of the destruction of the aircraft, no witnesses and the CVR not providing useful data, whether we can ultimately find all of the factors involved is an issue that we will have to consider in the fullness of time.[9]

2.25 ATSB indicated that investigations are continuing into workload issues, including whether the crew procedures were appropriate for the approach of the aircraft. It is also looking at airworthiness, management of the organisation (including the availability of resources, training and supervision), and regulatory oversight of the

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7 *Estimates Hansard,* 13 February 2006, pp. 58–60.

8 *Estimates Hansard,* 13 February 2006, pp. 60–62 and 63.

9 *Estimates Hansard,* 13 February 2006, p. 61.

operator. ATSB expects to publish a report by the end of this calendar year.[10] This issue was also raised with CASA.[11]

2.26 The committee also heard evidence about:

- ATSB's internal budget and staffing levels (*Estimates Hansard*, 13 February, pp. 57–58).
- Air safety recommendations regarding the fitting of autopilots (p. 61).
- Mr Dick Smith's publication relating to air safety (pp. 62–63 and 85).
- Kowanyama incident where a plane ran off the end of the runway but was not reported to ATSB (pp. 63–64).
- Balurga station incident where a plane was bogged during taxiing (pp. 64–65).
- Horn Island Airport – alleged incident involving a problem with landing gear (pp. 65 and 85).
- ATSB's road safety activities; analysis of the Christmas road toll; most effective way for the Commonwealth to contribute to the reduction in road deaths and trauma (p. 66).
- Report on the Benalla crash (p. 66).

Office of Transport Security

2.27 The committee followed-up on the transport of high-consequence dangerous goods. At the previous estimates round the committee heard that there was no special process for issuing a permit for a foreign ship with a foreign crew to carry high-consequence dangerous goods. OTS indicated that it has reviewed processes relating to the carriage of ammonium nitrate but not the list of high-consequence goods in general.

2.28 The committee expressed concern that crew members aboard flag of convenience vessels carrying ammonium nitrate are not subject to the same controls as farmers who handle the substance on dry land. OTS explained that ships bearing other flags are not regulated by the Australian government; nor are the approximately 200,000 foreign seamen who go through Australian ports each year. The regulations only apply to Australian flagged vessels and Australians. This is part of the rationale for changes to the visa system introduced by the Department of Immigration and Multicultural Affairs.[12]

2.29 Aviation security was also an area of interest to the committee. The department discussed the review of Aviation Security Identification Cards (ASICs).

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10 *Estimates Hansard,* 13 February 2006, pp. 61–62 and 63.

11 *Estimates Hansard,* 13 February 2006, pp. 103–111.

12 *Estimates Hansard,* 13 February 2006, pp. 68–69.

The ASIC criteria have been further strengthened with the introduction of a pattern of criminality test which comes into effect on 6 March 2006. This means closer monitoring of individuals with a pattern of low-level crime who have not been sentenced to a custodial sentence. They will be issued with an ASIC for only 12 months instead of the usual two years.[13]

2.30 The committee asked whether the aviation security regulations have been amended to make it an offence to leave unattended baggage at airports. OTS advised that it has been working with a number of agencies to seek a regulatory solution that captures the intent of the Prime Minister's announcement in an effective and sensible way in practice.[14]

2.31 Other matters discussed included:

- Ability of a person convicted of a criminal offence to apply for a Maritime Security Identification Card (MSIC) or an Aviation Security Identification Card (ASIC) (*Estimates Hansard*, 13 February, pp. 66–67).
- Staffing (p. 67).
- Administration of single and continuing voyage permits (pp. 67–69).
- Government's response to KPMG audit of coastal trading permits (p. 70).
- MSIC: numbers issued; cost of implementation; list of approved issuing bodies (pp. 70–71 and 72).
- Review of ASIC (p. 72).
- Implementation of recommendations of the Wheeler review; Counter-Terrorism First Response (CTFR) airports (pp. 72–73).
- Membership and function of the Aviation Security Advisory Forum (ASAF) (pp. 73–74).
- Allocation of funding for regional airport security (p. 74).
- X-ray screening of international checked baggage at airports (p. 74).
- Compliance with the *Aviation Transport Security Act* by Far North Queensland operators (p. 75).
- Regional cooperation to combat piracy (pp. 75–76).

Inspector of Transport Security

2.32 The committee had a short discussion with the Inspector of Transport Security, Mr Palmer. He confirmed that he is able to act only at the minister's direction. He was questioned about his role and the nature of the work he has been doing. One of his main tasks has been to conduct an assessment of surface transport

13 *Estimates Hansard,* 13 February 2006, p. 72.

14 *Estimates Hansard,* 13 February 2006, pp. 74–75.

security arrangements, which he began by consulting with stakeholders in Queensland.[15]

2.33 The committee expressed concern at the department's failure to provide a copy of Mr Palmer's contract as requested at supplementary estimates last November. The department explained that it had provided a written answer about the status of the contract, however, it was not clear that an actual copy of the contact was requested.[16]

2.34 Other matters pursued included:

- Number of days worked; type of work carried out (*Estimates Hansard*, 13 February, pp. 76–77).
- Legislation to provide for the full operation of the ITS (p. 77).
- Extension of Mr Palmer's contract (p. 78).
- Mr Palmer's place of residence; travel to Canberra; travel budget (pp. 78–79).
- Return of $300,000 in transport security funding to the department last financial year (p. 79).
- Expenditure for the year to date (pp. 79–80).

Aviation and Airports

2.35 The committee questioned the department at length about the Perth airport lease agreement with Westralia Airports Corporation, in particular the operation of clause 24 relating to the payment of rates.[17] The airport corporation has recently declined to pay just under $1 million in rates to the City of Belmont. The department explained that it has provided advice that clause 24:

> reflects current Commonwealth policy that an ex gratia rate payment in lieu of council rates should be payable on all areas in which trading or financial activities take place. The Commonwealth expects the airport lessee company to enter into arrangements with the relevant council for the payment of such rates. It is generally anticipated that in making these payments the airport lessee company could expect the councils to provide services normally funded from the rates on a similar basis to those provided to off-airport rate payers. Where it can be shown that the services normally funded through the rates are not provided at the airport lessee company we would expect that a reasonable approach by councils would be to make an appropriate adjustment to rate assessments.
>
> However, we do not see a direct relationship between the amount of rates due and the services provided and resile strongly from the notion that the airport lessee company should only be obliged to pay local councils for the

15 *Estimates Hansard,* 13 February 2006, pp. 76–78.

16 *Estimates Hansard,* 13 February 2006, p. 78.

17 *Estimates Hansard,* 13 February 2006, pp. 82–85 and 86–89.

> cost of services actually provided by them. Notwithstanding this, we believe there is scope in coming to an arrangement with councils for them to effectively discount some portion of the rates to take account of the fact that some services may not be utilised by the airport. Under the terms of the airport lease we expect that the airport lessee company and relevant councils examine these matters in good faith in order to establish a mutually acceptable outcome.[18]

2.36 Senator Johnston expressed the view that the department needs to be firmer in enforcing the above clause with respect to Westralia Airports Corporation and he will be keen to pursue this at the next estimates. The department's view is that it is awaiting the outcome of the negotiations between the two parties.[19]

2.37 Senator O'Brien said that he was advised that the council and the lessee both have advice that does not support the policy position outlined by the department above in paragraph 2.35. He requested a copy of the legal advice on which the department based its policy position. This led to questions on the wider implications of business developments on airport land and the disparity between them and businesses on non-airport land which may be disadvantaged.[20]

2.38 Other matters discussed included:

- The proposed development of a retail complex at Hobart airport (*Estimates Hansard*, 13 February, pp. 80–82 and 86).
- Findings of the Productivity Commission's Commonwealth Competitive Neutrality Complaints Office regarding on-airport business and subleases (p. 82).
- Possible closure of Devonport airport (p. 85).
- Department's role in the review of international aviation policy, including Singapore Airlines' request to fly from Australia to the United States (pp. 89–90).
- Review of the Airports Act regulations; draft definition of 'aeronautical services' (pp. 90–91).
- Monitoring of conditions imposed on the development of the direct factory outlet at Essendon airport (p. 91).
- Proposed commercial development at Sydney airport (pp. 91–92).
- Proposed building of brickworks at Perth airport (pp. 92 and 93–94).
- Review of the privatised airport regime (pp. 92–93).

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18 *Estimates Hansard,* 13 February 2006, p. 83.

19 *Estimates Hansard,* 13 February 2006, pp. 83–84.

20 *Estimates Hansard,* 13 February 2006, pp. 86–89.

- Proposed streamlining of public consultation on airport developments; proposed increase of the threshold at which approval is required (p. 93).
- Annual review of Adelaide Airport Ltd (p. 95).

Civil Aviation Safety Authority (CASA)

2.39 The Chief Executive Officer (CEO) of CASA, Mr Byron, made an opening statement highlighting recent reforms to CASA's operations. He indicated that this year's focus will be on operational areas and directing resources where they will have the most impact on aviation safety. The major changes are as follows:

- Abolition of Canberra based positions in the general aviation and air transport operations groups. New positions will be created in its field offices around Australia to support its increased surveillance plans.
- Closure of the New South Wales country field office in Canberra and the movement of management functions from Townsville to Cairns in Far North Queensland.
- Introduction of new teams of safety systems specialists with responsibility for the broad overview of safety performance of operators. This will be complemented by teams to review the safety of smaller, passenger-carrying operations, including charters which are historically at the highest risk of accidents.
- Changes to the manufacturing certification and new technologies office to align it more closely with industry activities and provide more effective oversight.
- Changes to the personnel licensing education and training group with safety educators to focus on talking to people in the field.
- Outsourcing of some of the maintenance personnel licensing functions to free up resources.
- Introduction of specific deadlines and a new approach to the management and delivery of the regulatory reform program, based on the European model.
- Development of outcome focused regulations which are shorter, simpler and easier for industry to understand.
- Establishment of a new ombudsman-style role within CASA, the Industry Complaints Commissioner, who will provide an additional avenue for reviewing decisions made by CASA.[21]

2.40 The committee was interested to know whether the above changes will lead to improved aviation safety.[22] In CASA's opinion, the most effective way for it to

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21 *Estimates Hansard,* 13 February 2006, pp. 96–97.

22 *Estimates Hansard,* 13 February 2006, pp. 97 and 100–101.

directly improve air safety is to increase its presence in the field and its interaction with the industry. The committee went on to explore issues relating to the above changes in greater detail:

- Abolition of 65 Canberra based positions; redundancy budget; staff morale (*Estimates Hansard*, 13 February, p. 98).
- Consultation with industry stakeholders; review of key management positions; relocation of Townsville office; functions remaining in Canberra (pp. 98–99).
- Changes to the function of the office of the CEO; lack of independence of the new Industry Complaints Commissioner; change in status of the legal services group; role of the field safety advisors (pp. 99–101).
- Cost of the reform plan; expected future savings; regulatory services fees (pp. 101–102).
- Additional checks on small regular public transport (RPT) operators and large passenger charter companies (pp. 102–103).
- Risk analysis; use of operator risk model (p. 103).

2.41 The committee raised concerns about the safety audit conducted on Transair several months before the Lockhart River plane crash.[23] In light of ATSB's findings in its interim report of longstanding breaches of the company operations manual, the committee asked whether CASA considered that its audit was adequate. CASA indicated that this was a misunderstanding of the audit process which does not attempt to learn everything about the operator and their aircraft and systems but is more like a sample check of certain elements. Mr Gemmell explained:

> If we had seen it, we should have done something about it. We have, in other cases where we have seen things like that, issued a request for corrective action. It could mean that we did not see it, because we did not observe that part of operation, or it could mean that it did not happen at that particular location at that particular time.[24]

2.42 The committee was also concerned about CASA's failure to detect that the pilot in charge had not completed human factors management training, again in breach of the company's operations manual. CASA responded that as the training was not a regulatory requirement at the time, it would not have been a high priority during the audit. However, if it had been observed during the audit, the inspectors would have had a responsibility to raise it with the operator. CASA would still encourage operators to perform over and above the minimum regulatory requirements. Mr Byron pointed to the new reforms which will address these issues, by having CASA officers spend more time in the field conducting checks. The committee sought information on the audit elements conducted by CASA which officers agreed to supply on notice.[25]

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23 *Estimates Hansard,* 13 February 2006, pp. 103–111.

24 *Estimates Hansard,* 13 February 2006, p. 104.

25 *Estimates Hansard,* 13 February 2006, pp. 104–109.

2.43 Senator O'Brien raised the issue of the cost of Mr Byron's trip to Europe in May/June 2005. At the supplementary estimates hearing in October 2005, Mr Byron had advised that he was preparing a response to a previous question on notice which included the organisations visited and a breakdown of expenses.[26] At this hearing, Mr Byron again assured the committee:

> We have provided the answer to that, but I do not have it here in front of me. At some stage, the requirement for that has been provided.[27]

2.44 Following the estimates hearing, the secretariat confirmed that this information had not been received by the committee. CASA responses to questions on notice from budget estimates in May 2005 and supplementary estimates in October 2005 did not provide details of the cost of the European trip. A similar question placed on the Senate Notice Paper on 24 October 2005 by Senator O'Brien also remained unanswered.[28]

2.45 The committee was concerned about Mr Byron's failure to answer questions about the cost of his trip to Europe at two estimates hearings. It asked the committee secretary to write to him on 28 February 2006 requesting answers to Senator O'Brien's questions by 15 March 2006. Mr Byron provided a response to the committee on 7 March 2006 with a copy of his answer to Question on Notice no.1335 (tabled in the Senate on 2 March 2006).[29]

2.46 The committee also discussed:

- Mr Dick Smith's publication relating to the control of airspace (p. 111).
- Kowanyama incident where a plane ran off the end of the runway but was not reported to ATSB because the operator thought that CASA had indicated it was not a reportable incident (p. 112).
- Horn Island Airport – alleged incident involving a problem with landing gear (p. 112).
- Aviation security policy in relation to regional areas; issuing of security identification tags (p. 113).
- Landing of jets at Hamilton Island, Armidale and Tamworth; Common Traffic Advisory Frequency (CTAF) and Common Traffic Advisory Frequency (mandatory carriage and use of radio applies) (CTAF(R)) (pp. 113–114).
- CASA's procurement guidelines; potential conflict of interest in relation to an employee of Acumen Alliance; report from Ms Yeoh on her review of market testing procurement procedures (pp. 115–116).

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26 *Estimates Hansard,* 31 October 2005, pp. 74–75.

27 *Estimates Hansard,* 13 February 2006, p. 115.

28 Question on Notice no. 1335, *Senate Notice Paper* No. 71, 27 February 2006, p. 57.

29 *Senate Hansard,* 2 March 2006, pp. 92–93.

- Consultancies: KordaMentha; Kyriakidis Recruitment Services (pp. 116–117).
- Extension of the deadline to display ASICs for pilots to 31 March 2006. This only applies to pilots who have lodged an application before 31 December 2005 (pp. 117–118).
- Role of the Aviation Safety Forum (p. 118).
- Revocation of CASA instrument no. 579 of 2005 relating to the polishing of an aircraft (pp. 118–119).

Australian Maritime Safety Authority

2.47 The committee had a brief discussion with officers from the Australian Maritime Safety Authority (AMSA) about the following:

- Introduction of legislation to alter the jurisdictional basis for vessel safety regulation. Vessels above 500 tonnes will fall under the jurisdiction of AMSA and below 500 tonnes will be at the state level. (*Estimates Hansard*, 13 February, pp. 119–120).
- Implementation of new national maritime emergency response arrangements (pp. 120–121).
- AMSA's role in relation to a major oil spill following a collision between a tug and the bulk coal carrier *Global Peace* (p. 121).
- AMSA's inspection of the *Thor Hawk* which carried ammonium nitrate between Port Kembla, Newcastle and Gladstone (pp. 121–122).

Regional Services

2.48 The committee sought an update on the timing of the government response to the Senate committee inquiry into Regional Partnerships. The department advised that it is still under consideration by the government.[30]

2.49 The department mentioned the government's announcement of a range of changes to the Regional Partnerships program in November last year and the committee was interested in the effect of these changes on the program. In the department's opinion, the most significant change was the operation of a committee which is responsible for making decisions on applications for funding under the program. Other changes, including the issuing of revised guidelines by the department, will be implemented progressively throughout the year, with the majority expected to be in place by the middle of the year.[31]

30 *Estimates Hansard,* 17 February 2006, p. 3.

31 *Estimates Hansard,* 17 February 2006, pp. 3 and 4.

2.50 The committee requested a time line for the implementation of the changes. The department undertook to provide this information on notice as its work plan is currently under consideration by the ministerial committee.[32]

2.51 The committee followed-up on the additional evaluation strategy for both the Sustainable Regions and the Regional Partnerships programs. During the Senate committee inquiry, the department indicated that this would be carried out in three stages to gather performance data on the impact of these programs against their objectives.[33]

2.52 The department advised that it is in the process of finalising stage 2 of the evaluation strategy for Sustainable Regions. The original reporting schedule of late 2005 was adjusted after the initial eight sustainable regions were given an additional 12 months to run. The report is currently being finalised for consideration by the government. The department stated that the public release of the report would be an issue for the minister, but agreed to take it on notice for the committee. In addition, the second stage of the Regional Partnerships review has commenced.[34]

2.53 The budget for the Regional Partnerships program for this financial year is approximately $111.6 million. Expenditure to 27 January 2006 was $40.6 million. The committee queried whether the program was likely to be underspent this year. The department said it was possible, mainly because a number of the government's 40 election commitments still remain to be approved.[35] The Sustainable Regions program was underspent in 2004–05, with actual expenditure of $22.6 million instead of the budgeted $33.5 million. The committee requested the department to supply on notice the details of the individual projects which caused the underspend.[36]

2.54 The committee sought an update on the following projects:

- Jimbour amphitheatre (*Estimates Hansard*, 17 February, pp. 4–5).
- Beaudesert Rail (p. 5).
- CrocFest (p. 6).
- Payment to Primary Energy Pty Ltd for establishing the preconditions for a company to consider the construction of an ethanol plant (not for the construction of an ethanol plant per se) (pp. 6–7).
- Funding for the government's 40 election commitments (pp. 7–8).

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32 *Estimates Hansard,* 17 February 2006, p. 3.

33 *Estimates Hansard,* 17 February 2006, pp. 3–4.

34 *Estimates Hansard,* 17 February 2006, p. 4.

35 *Estimates Hansard,* 17 February 2006, pp. 7 and 10–11.

36 *Estimates Hansard,* 17 February 2006, pp. 13–14.

- Applications approved and under consideration for the rural medical infrastructure fund (p. 8).
- Installation of Bank@Post facilities (pp. 8 and 17).
- Mackay Science and Technology precinct (p. 8).
- Buchanan Park Rodeo (p. 8).
- Hinkler Hall of Aviation (p. 9).
- Upgrade of Dalby showgrounds (pp. 9–10).
- Eidsvold Sustainable Agroforestry Complex and RM Williams Australian bush centre (p. 10).
- Tamworth Equine Centre (p. 10).
- Revitalisation of the Newman town centre (p. 11).
- Brambruk national park and cultural centre, Halls Gap, Victoria (p. 11).
- Facility for processing goat meat in Oberon (p. 12).
- Resource centre and office accommodation in Hopetoun, Western Australia (p. 12).
- Due diligence checks on the financial viability of a project to purchase a dryer/separator as part of a grape seed oil venture for Coonawarra Gold Facilities Pty Ltd (pp. 12–13).
- In-depth studies of two new sustainable regions, Darling Matilda Way and Northern Rivers North Coast (pp. 14–15).
- Funding provided to Area Consultative Committees (ACCs) (pp. 15 and 16).
- Average assessment time for applications under the Sustainable Regions program (pp. 15–16).
- Funding for rural transaction centres (p. 16).
- Findings of the national regional evaluation framework (pp. 16–17).
- Future of the Regional Women's Advisory Council (p. 17).

Territories and Local Government

2.55 Senator Carr raised the issue of the department's failure to provide answers to questions on notice in a timely manner. The minister, Senator Campbell, indicated that this had already been canvassed by Senator O'Brien earlier in the hearings but he conceded that it was a problem and suggested that ministers based in the House of Representatives do not have an appreciation of Senate processes. He made a commitment to raise it with the minister in the House of Representatives.[37]

37 *Estimates Hansard,* 17 February 2006, p. 18.

2.56 Senator Carr sought leave to incorporate into Hansard a table which summarised answers to questions on notice received over the last six rounds of estimates in relation to Territories. On four occasions, no questions had been answered by the due date. The committee agreed for the table to be incorporated.[38]

Norfolk Island

2.57 The committee focussed its questioning on Norfolk Island. It sought the department's view on the administration and governance of Norfolk Island. The department advised that the government had made a series of decisions in relation to Norfolk Island which were to be announced the following week, but refused to comment on the detail of the decisions. The minister informed the committee that the decisions related to the financial sustainability of the island. However, he considered it was appropriate to wait for the government's announcement.[39]

2.58 The committee asked a series of questions relating to the cabinet decision which departmental officers refused to answer on the basis that they could not comment on cabinet processes.[40]

2.59 Senator Carr raised allegations of a leak of the cabinet decision to the editor of the local newspaper, the *Norfolk Islander*. He asked the minister to take on notice whether the Minister for Territories or the minister's staff had threatened the editor with legal action if the details were published. The minister refused to take the question on notice. However, the deputy secretary of the department indicated that she had been advised by Minister Lloyd that there had been no contact by him or his office with the *Norfolk Islander.*[41]

2.60 Senator Carr was interested in the department's responsibility for the appointment of public office holders on Norfolk Island. The department replied that it makes recommendations to the minister regarding appointments to statutory positions. A number of questions followed about the appointment and removal of public officials and the ethical conduct of public officials. The majority of these questions were taken on notice by the department to allow it to take advice on matters relating to the Norfolk Island legislative framework and decisions taken by the Norfolk Island government.[42]

2.61 The committee sought information about research commissioned on the Norfolk Island taxation system. The department advised that over the past couple of years it had contributed to work commissioned by the Norfolk Island government on

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38 *Estimates Hansard,* 17 February 2006, pp. 18–19 and 20.

39 *Estimates Hansard,* 17 February 2006, p. 19.

40 *Estimates Hansard,* 17 February 2006, pp. 19–24.

41 *Estimates Hansard,* 17 February 2006, pp. 21–23.

42 *Estimates Hansard,* 17 February 2006, pp. 24–28.

taxation options and its proposed introduction of a sustainability levy. The department confirmed that it had commissioned an assessment of the financial position of the Norfolk Island government by Acumen Alliance. One of its findings was that the Norfolk Island government was likely to become insolvent in the next 18 months to two years.[43] The committee asked whether there was a real possibility of insolvency within a shorter period of five months. The department responded:

> That report was brought down in November and it is now February. The Norfolk Island government is not yet insolvent, so I think that is a fairly extreme prediction.[44]

2.62 The committee sought confirmation that the Commonwealth would not allow Norfolk Island to become insolvent and asked if it was proposing to make changes to the taxation regime. The department referred to the government's forthcoming announcement on Norfolk Island and refused to comment on further details.[45]

2.63 Other issues raised by the committee in relation to Norfolk Island included:

- Responsibility for the removal, registration, licensing and practice of barristers and solicitors (*Estimates Hansard*, 17 February, p. 25).
- Positions held by Dr John Walsh, known as Dr John Walsh of Brannagh (pp. 25–28).
- Positions held by Mr John Brown (p. 26).
- Code of conduct for members of the Norfolk Island Legislative Assembly and declaration of pecuniary interests (pp. 45 and 46).
- Probity auditor's reports to the Norfolk Island government; tendering process on Norfolk Island; tendering process for the airport runway, Kingston Pier and Cascade Cliff (pp. 45 and 46–47).
- Amendment to the Norfolk Island Immigration Act in relation to the authorised searches of detainees, including prohibited immigrants and deportees (pp. 47–48).
- Changes to Norfolk Island legislation relating to the regulation of child labour, contained in the Employment Amendment Act 2003 (pp. 48–49).
- Whether the department has ever recommended that the Administrator of Norfolk Island not give assent to legislation (p. 49).

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43 *Estimates Hansard,* 17 February 2006, pp. 44–45.

44 *Estimates Hansard,* 17 February 2006, p. 45.

45 *Estimates Hansard,* 17 February 2006, p. 45.

Christmas and Cocos Islands

2.64 The committee sought information about:

- PRL's mining activities on Christmas Island; cost of land rehabilitation (pp. 29–30, 30–31 and 32–33).
- Proposal for an international research centre on Christmas Island (p. 30).
- Value of tourism to Christmas Island and funding for the promotion of tourism (pp. 31–32).
- Economic development strategy for Christmas Island (pp. 31–32).
- SilkAir's provision of regular flights between Christmas Island and Singapore; any other proposals for air links between Christmas Island and Asia. Questions relating to this issue were taken on notice on behalf of the Aviation and Airports Division (pp. 33 and 34).
- Whether the government intends to maintain its policy of not granting a casino licence for Christmas Island (pp. 33–34).
- Repairs to the port crane at Flying Fish Bay on Christmas Island (pp. 34–37).
- Disruption to public access to the golf course on Cocos Island due to security measures at the airport (pp. 37–38).
- Mammography service on Christmas Island (pp. 38–39).
- Proposed transfer of Commonwealth assets to the Christmas and Cocos Island shires, including West Island Cocos Club and the quarantine station (pp. 39–40).
- Contract for air services; value of the contract; annual subsidy from the Commonwealth government towards the contract (pp. 40–41).
- Scoping survey for the delivery of health services (p. 41).
- Agreement on the use of land for the space base (pp. 41 and 42).
- Commonwealth funding for the Linkwater Road project, the extension of the airport and the alternative port (pp. 41–42).
- Problems with access to water on Home Island (pp. 42–43).
- Mobile phone system on Cocos Island (pp. 43–44).

National Capital Authority

2.65 The committee raised the following issues with officers from the NCA:

- Redevelopment of blocks 1 to 5 at State Circle, Forrest (*Estimates Hansard*, 17 February, pp. 50–54).
- Statutory obligations on both the NCA and the developer to engage in consultation (pp. 52–53).

- NCA's decision not to propose a draft amendment to the National Capital Plan which would allow the ACT government to expand the settlement at Pierces Creek (pp. 54–56).
- NCA's development of a consultation protocol to ensure that developers meet their statutory obligations under the National Capital Plan in relation to works approval (pp. 56–57).
- Approval process for major types of non-residential construction works within the Parliamentary Triangle, such as improvements to the National Gallery of Australia and the construction of the National Portrait Gallery (pp. 57–58).
- Assets administered on behalf of the Commonwealth, such as Commonwealth Place (pp. 58–59).
- Expansion of the NCA's role in relation to Australia Day in the Capital events (pp. 59–60).
- Whether work being carried out on Kings Avenue Bridge will be completed before commencing work on Commonwealth Avenue Bridge (p. 60).
- Status of applications for works approval at Canberra airport (p. 60).