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Chapter 1

Introduction

1.1 On 12 February 2015, the Senate referred the following two documents to the Rural and Regional Affairs and Transport Legislation Committee (the committee) for examination and report:

- Particulars of proposed additional expenditure in respect of the year ending on 30 June 2015 [Appropriation Bill (No. 3) 2014-15]; and
- Particulars of certain proposed additional expenditure in respect of the year ending on 30 June 2015 [Appropriation Bill (No. 4) 2014-15].

1.2 The committee is required to examine the 2014-15 additional estimates contained in these two documents in relation to the Infrastructure and Regional Development portfolio and the Agriculture portfolio. Following examination, the committee is required to table its report on the 2014-15 additional estimates on 17 March 2015.

Additional Estimates hearings

1.3 The committee examined witnesses from both portfolios at hearings on Monday 23 February, Tuesday 24 February and Thursday 5 March 2015. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 23 February and Thursday 5 March 2015–Agriculture portfolio; and
- Tuesday 24 February 2015–Infrastructure and Regional Development portfolio.

1.4 The committee heard evidence from the following senators:

- Senator the Hon. Richard Colbeck, Parliamentary Secretary to the Minister for Agriculture (representing the Minister for Agriculture);
- Senator the Hon. Michaelia Cash, Minister Assisting the Prime Minister for Women and Assistant Minister for Immigration and Border (representing the Minister for Infrastructure and Regional Development); and
- Senator the Hon. Eric Abetz, Leader of the Government in the Senate, Minister for Employment and Minister Assisting the Prime Minister for the Public Service (representing the Minister for Agriculture).

1 Journals of the Senate, No. 78, 12 February 2015, pp 2178-2179.
2 Journals of the Senate, No. 76, 10 February 2015, p. 2116.
1.5 Evidence was also provided by:
- Dr Paul Grimes, Secretary of the Department of Agriculture;
- Mr Mike Mrdak, Secretary of the Department of Infrastructure and Regional Development; and
- officers representing the departments and agencies covered by the estimates before the committee.

1.6 The committee thanks the ministers, parliamentary secretary, departmental secretaries and officers for their assistance and cooperation during the hearings.

Changes to departmental structures

1.7 Horticulture Australia Limited (HAL) was undeclared as the horticulture industry services and export body after 3 November 2014 and replaced by Horticulture Innovation Australia Limited (HIA). HIA was established in accordance with the recommendations of an independent review of HAL in 2014. The financial and other assets of HAL were transferred to HIA under the Horticulture Marketing and Research and Development Services (Transfer of Industry Assets and Liabilities) Regulation 2014.

Questions on notice

1.8 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee resolved that written answers and additional information be submitted by 17 April 2015.3

Record of proceedings

1.9 This report does not attempt to analyse the evidence presented during the hearings. However, it does provide a brief list of some of the key issues that were covered by the committee for each portfolio.

Note on references and additional information

1.10 References to the Hansard transcript are to the proof Hansard; page numbers may vary between the proof and the official Hansard transcript.

1.11 Copies of the proof Hansard transcripts, documents tabled at the hearings, and additional information received after the hearings are tabled in the Senate and available on the committee's website.

3 Answers to questions on notice, once received, will be published at the following website address: http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/rratctte/estimates/ad dl1415/index
Chapter 2

Agriculture portfolio

2.1 This chapter outlines the key issues discussed during the 2014-15 Additional Estimates hearings for the Agriculture portfolio.

Department of Agriculture

2.2 The committee heard evidence from the Department of Agriculture (the department) and agencies on 23 February 2015 and 5 March 2015, meeting for a total of 12 hours and 30 minutes.

2.3 On 23 February 2015, the committee heard from the divisions and agencies of the Agriculture portfolio in the following order:

- Finance and Business Support Division, Governance Branch, Information Services Division, Service Delivery Division, Office of the General Counsel;
- Australian Fisheries Management Authority;
- Exports Division, Trade and Market Access Division;
- Compliance Division;
- Live Animal Exports Reform Division;
- Australian Livestock Export Corporation Limited;
- Meat and Livestock Australia;
- Interim Inspector-General of Biosecurity;
- Sustainability and Biosecurity Policy Division;
- Biosecurity Plant Division;
- Biosecurity Animal Division;
- Agricultural Policy Division;
- Agricultural Adaptation and Forestry Division; and
- Australian Pesticides and Veterinary Medicines Authority.

2.4 The following agencies were called to appear but later released during the course of the hearing without providing evidence:

- Australian Bureau of Agricultural and Resource Economics;
- Plant Health Australia;
- Australian Egg Corporation Limited;
- Landcare Australia Limited;
- Australian Landcare Council;
Cotton Research and Development Corporation;
Fisheries Research and Development Corporation;
Grains Research and Development Corporation;
Rural Industries Research and Development Corporation; and
Horticulture Innovation Australia Limited.

2.5 On 5 March 2015, the committee heard evidence from the Executive, Governance Branch, and the Office of the General Counsel.

Finance and Business Support Division, Governance Branch, Information Services Division, Service Delivery Division, Office of the General Counsel

2.6 The committee pursued information on the department’s response to the recent outbreak of the hepatitis A virus linked to frozen berries imported from China. It focused in particular on the staffing levels of the Compliance Division within the department.¹

2.7 The committee sought to clarify the role of the Interim Inspector-General of Biosecurity and asked for further information on the consultative processes undertaken in regard to the Biosecurity Bill 2012.²

2.8 In terms of other matters raised during the session, the committee received an update on the bargaining process for the department’s enterprise agreement.³

2.9 The committee also investigated in more detail issues relating to the department's handling of a 2014 freedom of information (FOI) request made by the Hon. Mr Joel Fitzgibbon, MP.⁴ The committee pursued this matter at a further additional estimates hearing on 5 March 2015.⁵

Australian Fisheries Management Authority (AFMA)

2.10 The committee discussed AFMA's role in the regulation of illegal fishing vessels, including the range of actions available to AFMA when monitoring and apprehending vessels on the high seas.⁶

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¹ Proof Hansard, 23 February 2015, pp 5-20.
³ Proof Hansard, 23 February 2015, pp 24-32.
⁵ Proof Hansard, 5 March 2015, pp 1-18.
The committee also questioned officials on the progress of red tape reduction initiatives in the commercial fishing industry and the methods deployed by AFMA to ensure the overall sustainability of fisheries. 7

**Exports Division, Trade and Market Access Division**

2.12 The committee raised matters relating to the negotiation of the Australia-China Free-Trade Agreement. In particular, the department was asked about barriers to trade and the potential implications for agricultural workers in Australia arising from the labour mobility clause. 8

2.13 The committee requested an update on the efforts to re-open Vietnamese markets for Australian fruit exports following a temporary suspension on 1 January 2015 due to concern over the status of the Mediterranean fruit fly. The committee also asked for information relating to the status of Australian kangaroo product exports. 9

**Compliance Division**

2.14 The committee resumed questioning on the departmental handling of the recent outbreak of the hepatitis A virus linked to contaminated frozen berries imported from China. Officials outlined a timeline of actions taken by the department in the immediate aftermath of the outbreak and provided details on the multiple interactions between the department, Food Safety Australia New Zealand (FSANZ) and the affected companies, as well as on the subsequent testing and risk assessments being undertaken. 10

**Live Animal Exports Reform Division**

2.15 The committee considered the work being done on reforming the Exporter Supply Chain Assurance System (ESCAS), with particular discussion on the processes being undertaken to streamline the system, the methods used in the ESCAS review (released in January 2015), and statistics on animal welfare breaches. 11

**Australian Livestock Export Corporation Limited (Livecorp Australia)**

2.16 The committee discussed the challenges faced by members (licensed exporters and associated industry stakeholders) of LiveCorp Australia in regard to

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9 *Proof Hansard*, 23 February 2015, pp 75-79.
ESCAS application approvals and audits, and received an update on the research and development (R&D) projects currently being undertaken.  

**Meat and Livestock Australia (MLA)**

2.17 The committee queried MLA on complaints that the sheep meat sector is not effectively represented by the organisation and heard evidence on the ongoing internal reforms relating to MLA resource allocation in South East Asia.

2.18 The committee also discussed MLA's progress in implementing two initiatives which were recommended in the Senate Rural and Regional Affairs and Transport References Committee 2014 report into industry structure and systems governing levies on grass-fed cattle.  

**Interim Inspector-General of Biosecurity**

2.19 The committee asked the Interim Inspector-General of Biosecurity to briefly summarise the areas currently under examination. These included imported plant-based stock feeds, timber dunnage and packaging, and sausage casings.

2.20 The committee asked for an update on progress in implementing recommendations made by the Interim-Inspector General of Biosecurity since 2009.

**Sustainability and Biosecurity Policy Division**

2.21 The committee received an update on the implementation progress of the agricultural chemicals and veterinary medicines (agvet chemicals) reform, and questioned officials about contracts for regional National Resource Management (NRM) organisations and future Landcare grants.

**Biosecurity Plant Division**

2.22 The committee heard evidence on the incursion of red imported fire ants into New South Wales and asked for feedback on concerns raised by Thailand authorities about mixed consignments of fruit arriving in Thailand.

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12 Proof Hansard, 23 February 2015, pp 115-118.
13 Proof Hansard, 23 February 2015, pp 118-125.
Biosecurity Animal Division

2.23 The committee raised the matter of new guidelines for imported ornamental fish testing. The committee then asked officials to outline the considerations that led to the decision to defer the new testing regime for 12 months.\textsuperscript{17}

Agricultural Policy Division

2.24 The committee sought information on the current state of affairs regarding free-range egg regulations and questioned officials on the challenges of developing an enforceable standard for free-range eggs. The committee also discussed the department's role in supporting the creation of a national foreign investment register for agricultural land ownership.\textsuperscript{18}

Agricultural Adaptation and Forestry Division

2.25 The committee raised the topic of Regional Forest Agreements (RFA) and considered the progress of the five-year review cycles for the Tasmanian and Victorian RFAs. The committee also sought clarification on the estimated cost to industry of implementing regulations on illegal logging.\textsuperscript{19}

Australian Pesticides and Veterinary Medicines Authority (APVMA)

2.26 The committee asked APVMA officials to provide an explanation of the decision-making process regarding the granting of emergency permits for ovine strain-specific footrot vaccines.\textsuperscript{20}

\begin{flushleft}
\textsuperscript{17} \textit{Proof Hansard}, 23 February 2015, p. 132.
\textsuperscript{18} \textit{Proof Hansard}, 23 February 2015, pp 133-137.
\textsuperscript{19} \textit{Proof Hansard}, 23 February 2015, pp 137-139.
\textsuperscript{20} \textit{Proof Hansard}, 23 February 2015, pp 140-141.
\end{flushleft}
Chapter 3

Infrastructure and Regional Development portfolio

3.1 This chapter highlights the key issues discussed during the 2014-15 Additional Estimates hearings for the Infrastructure and Regional Development portfolio.

Department of Infrastructure and Regional Development

3.2 The committee heard evidence from the Department of Infrastructure and Regional Development (the department) and agencies on 24 February 2015, meeting for a total of 11 hours and 53 minutes.

3.3 The committee heard from the divisions and agencies of the Infrastructure and Regional Development portfolio in the following order:

- Corporate Services Division;
- Infrastructure Investment Division;
- Infrastructure Australia;
- Australian Rail Track Corporation;
- Civil Aviation Safety Authority;
- Airservices Australia;
- Surface Transport Policy Division;
- Australian Maritime Safety Authority;
- National Capital Authority;
- Local Governments and Territories Division;
- Policy and Research Division;
- Office of Transport Security; and
- Australian Transport Safety Bureau.

3.4 The following agencies were called to appear but later released during the course of the hearing without providing evidence:

- Western Sydney Unit.
Corporate Services Division

3.5 The committee sought information on the dates, membership and report output of the National Infrastructure Committee, and questioned officials on the South Australian asset-recycling scheme.\(^1\)

Infrastructure Investment Division

3.6 In a continuation of discussions held during the 2014-15 Supplementary Budget Estimates round, the committee investigated the progress of numerous infrastructure projects, requesting detailed evidence on the following:

- WestConnex in New South Wales;\(^2\)
- Majura Parkway in the Australian Capital Territory;\(^3\)
- Peninsula Development Road in Queensland;\(^4\)
- Tasmanian Jobs and Growth Package in Tasmania;\(^5\)
- East West Link in Victoria;\(^6\)
- Perth Freight Link in Western Australia;\(^7\)
- Pacific Highway in New South Wales;\(^8\)
- Local government supplementary road funding in South Australia;\(^9\)
- Tiger Brennan Drive in the Northern Territory\(^10\); and
- Roads to Recovery funds in Western Australia\(^11\).

Infrastructure Australia

3.7 The committee posed further questions on the WestConnex project to Infrastructure Australia officials, focusing in particular on the assessment of the

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1 Proof Hansard, 24 February 2015, pp 4-8.
7 Proof Hansard, 24 February 2015, pp 46-49.
8 Proof Hansard, 24 February 2015, pp 54-56.
11 Proof Hansard, 24 February 2015, pp 62-64.
WestConnex business case and traffic forecasts. The committee also inquired into matters raised by the New South Wales Auditor General's 'WestConnex: Assurance to the Government' report released in December 2014.\(^\text{12}\)

3.8 The committee discussed the infrastructure audits being undertaken for Northern Australia, the recruitment process for a Chief Executive Officer for Infrastructure Australia, and the implementation of the National Land-Freight Strategy.\(^\text{13}\)

3.9 The committee also considered further the work of Infrastructure Australia on the East West Link project.\(^\text{14}\)

**Australian Rail Track Corporation (ARTC)**

3.10 The committee questioned ARTC on a number of issues, including the progress of the Inland Rail project, ARTC policies on minimising rail corridor fire hazards, the impact of rising container traffic at Port Botany, and ongoing maintenance issues on the Melbourne-Sydney rail line.\(^\text{15}\)

**Civil Aviation Safety Authority (CASA)**

3.11 The committee requested an update on the issues surrounding unmanned aerial systems, with particular regard to the licensing, training and regulating of private remotely piloted aircraft.\(^\text{16}\)

3.12 The committee sought clarification on whether CASA harboured any concerns over the safety records of various AirAsia carriers operating out of Australian ports. It also heard evidence regarding foreign air operator certificate requirements and CASA's safety surveillance program in relation to foreign carriers.\(^\text{17}\)

3.13 The committee asked about the regulatory oversight of aeromedical flights, noting issues raised by the Australian Transport Safety Bureau's investigation into the 2009 Pel-Air matter and the Senate Rural and Regional Affairs and Transport References Committee's 2013 report into aviation accident investigations.\(^\text{18}\)

\(^{12}\) *Proof Hansard*, 24 February 2015, pp 64-69.

\(^{13}\) *Proof Hansard*, 24 February 2015, pp 79-86.

\(^{14}\) *Proof Hansard*, 24 February 2015, pp 87-93.

\(^{15}\) *Proof Hansard*, 24 February 2015, pp 69-78.

\(^{16}\) *Proof Hansard*, 24 February 2015, pp 95-96.


\(^{18}\) *Proof Hansard*, 24 February 2015, pp 103-104.
Airservices Australia

3.14 The committee inquired into the OneSKY program slated to replace the national air traffic control system, and examined the decision-making processes and consultations conducted by Airservices Australia as part of preparation for the planned integration of terminal control units (TCU). Details were requested in regard to the proposed closure of the Adelaide TCU, including the projected impact on affected staff.19

3.15 The committee questioned CASA on two specific incidents (in November 2013 and February 2015) regarding the apparent failure of the Integrated Tower Automation Suite (INTAS) system at Melbourne airport.20

3.16 The committee also discussed the issue of aircraft noise over East Melbourne, the destruction of the floodplain adjacent to Bankstown Airport, and the impact of aviation cabotage restrictions in Europe and the United States.21

Surface Transport Policy Division

3.17 The committee explored the issue of cabotage policy in reference to a specific instance where a temporary licence was granted to the foreign flagged ship 'Caledonian Sky'.22

3.18 The committee inquired into the work of the National Heavy Vehicle Regulator and the reasons behind the decision not to provide further funding to the Safety Rating System for Heavy Vehicles project. Officials were also questioned about the employment consequences for Australian seafarers were more foreign vessels to enter the market and take up coastal shipping opportunities.23

Australian Maritime Safety Authority (AMSA)

3.19 The committee invited officials to outline AMSA's response to an incident where a coal bulk carrier attempted to sail through a compulsory pilotage area of the Great Barrier Reef Marine Park without a pilot. It also engaged in a broader discussion of the issues of managing foreign-flagged vessels in Australia.24

20 Proof Hansard, 24 February 2015, pp 118-120, 124.
22 Proof Hansard, 24 February 2015, pp 127-130.
23 Proof Hansard, 24 February 2015, pp 130-134.
24 Proof Hansard, 24 February 2015, pp 134-140.
National Capital Authority (NCA)

3.20 The committee posed questions relating to the amount of revenue generated by the paid parking arrangements in the Parliamentary Triangle and received clarification from the NCA in regard to a recent glitch in the ticket machine software.\textsuperscript{25}

Local Government and Territories Division

3.21 The committee sought information on the impact of the loss of Financial Assistance Grants (FAG) funding on local governments, and received an explanation of the indexation applied to the FAG program.\textsuperscript{26}

Policy and Research Division

3.22 The committee discussed the reasons behind the delay in publication of the 'State of the Australian Cities 2014' and 'State of Australian Regions 2014' reports. Officials also outlined the funding breakdowns for Tasmanian irrigation schemes and examined Commonwealth spending figures in the 'Budget 2014-15: Building Australia’s Infrastructure' document.\textsuperscript{27}

Australian Transport Safety Bureau (ATSB)

3.23 The committee questioned officials on the contradictions contained in a report by the Transport Safety Bureau of Canada in relation to the ATSB investigation into the 2009 Pel-Air matter. The committee was informed that ATSB will seek to retrieve the flight data recorders from the ocean floor as part of the re-opened investigation into the incident. ATSB also provided an update on the progress of the MH370 recovery operation.\textsuperscript{28}

Senator Bill Heffernan
Chair

\textsuperscript{25} Proof Hansard, 24 February 2015, pp 140-143.
\textsuperscript{26} Proof Hansard, 24 February 2015, pp 143-146.
\textsuperscript{27} Proof Hansard, 24 February 2015, pp 146-150.
\textsuperscript{28} Proof Hansard, 24 February 2015, pp 152-156.
Appendix 1

Documents tabled

Agriculture portfolio

Tabled during 23 February 2015 hearing

1. Chronology of key events relating to the hepatitis A virus outbreak linked to imported berries from China. Tabled by Ms Raelene Vivian, First Assistant Secretary, Compliance Division, Department of Agriculture.

2. Correspondence from Food Standards Australia New Zealand. Tabled by Ms Rona Mellor PSM, Deputy Secretary, Department of Agriculture.

3. Document containing a summary of the current Patties Foods testing program for imported berries. Tabled by Ms Raelene Vivian, First Assistant Secretary, Compliance Division, Department of Agriculture.

Tabled during 5 March 2015 hearing

4. Opening statement. Tabled by Dr Paul Grimes, Secretary, Department of Agriculture.

5. Correspondence between the Department of Agriculture and the office of the Minister for Agriculture on 20 October 2014. Tabled by Ms Kerrie-Anne Luscombe, General Counsel, Department of Agriculture.

Infrastructure and Regional Development portfolio

Tabled during 24 February 2015 hearing


3. Document outlining a list of air carriers of which all operations are subject to a ban within the EU. Tabled by Mr Mike Mrdak, Secretary, Department of Infrastructure and Regional Development.

Appendix 2

Additional Information received

Agriculture portfolio

1. Correspondence received 17 March 2015 from Dr Paul Grimes, clarifying evidence given on 5 March 2015. Provided by Mr Phillip Glyde, Acting Secretary, Department of Agriculture.

Infrastructure and Regional Development portfolio

1. Correspondence received 5 March 2015 from Mr Mark Skidmore AM, Director of Aviation Safety, Civil Aviation Safety Authority, correcting evidence given during hearing on 24 February 2015.

2. Correspondence received 17 March 2015 from Mr Peter Foley, General Manager, Australian Transport Safety Bureau, correcting evidence given on 24 February 2015.