



COMMONWEALTH OF AUSTRALIA

# Official Committee Hansard

## SENATE

STANDING COMMITTEE ON RURAL AND REGIONAL AFFAIRS  
AND TRANSPORT

ESTIMATES

**(Budget Estimates)**

TUESDAY, 22 MAY 2007

CANBERRA

BY AUTHORITY OF THE SENATE



## **INTERNET**

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:  
**<http://parlinfoweb.aph.gov.au>**



---

**SENATE STANDING COMMITTEE ON  
RURAL AND REGIONAL AFFAIRS AND TRANSPORT**

**Tuesday, 22 May 2007**

**Members:** Senator Heffernan (*Chair*), Senator Siewert (*Deputy Chair*), Senators Adams, McEwen, McGauran, Nash, O'Brien and Sterle

**Participating members:** Senators Adams, Allison, Barnett, Bartlett, Bernardi, Boswell, Bob Brown, Carol Brown, George Campbell, Carr, Chapman, Crossin, Eggleston, Chris Evans, Faulkner, Ferguson, Fielding, Hogg, Hutchins, Joyce, Kemp, Lightfoot, Ludwig, Lundy, Ian Macdonald, Sandy Macdonald, McGauran, McLucas, Milne, Nash, Nettle, Payne, Parry, Polley, Robert Ray, Stephens, Sterle, Trood, Watson and Webber

**Senators in attendance:** Senators Adams, Crossin, Fielding, Heffernan, Hogg, Lundy, McEwen, Nash, O'Brien, Siewert Sterle

**Committee met at 9.00 am**

**TRANSPORT AND REGIONAL SERVICES PORTFOLIO**

Consideration resumed from 21 May 2007

**In Attendance**

Senator Johnston, Minister for Justice and Customs

**Department of Transport and Regional Services**

**Departmental executive**

Mr Mike Taylor, Secretary  
Mr Mike Mrdak, Deputy Secretary  
Ms Susan Page, Deputy Secretary  
Mr Andrew Tongue, Deputy Secretary

**Corporate Services**

Mr Jeremy Chandler, Chief Operating Officer  
Mr Simon Ash, Chief Financial Officer  
Ms Sharon Field, General Manager, People and Planning  
Mr David Banham, Chief Information Officer

**Portfolio strategic policy and projects**

Mr Phil Potterton, Executive Director, Bureau of Transport and Regional Economics  
Dr Andy Turner, General Manager, Regional Research and Transport Statistics  
Mr Roger Fisher, Executive Director, Strategic Projects  
Mr David Mitchell, Acting General Manager, Transport Research

**AusLink**

Ms Leslie Riggs, Executive Director, AusLink  
Mr John Elliott, General Manager, AusLink Policy and Queensland/Northern Territory Branch  
Mr Robert Hogan, General Manager, AusLink Road Investment Coordination Branch  
Ms Joan Armitage, General Manager, Victoria/Tasmania and Strategic Projects Branch

---

Mr Jim Wolfe, General Manager, AusLink Rail Investment  
Mr Simon Atkinson, General Manager, AusLink South Australia/Western Australia and Local Roads Branch

**Maritime and Land Transport**

Mr Andrew Wilson, Executive Director, Maritime and Land Transport  
Mr Peter Robertson, General Manager, Vehicle Safety Standards  
Mr Michael Sutton, General Manager, Maritime  
Mr Stewart Jones, General Manager, Transport Integration and Reform

**Australian Transport Safety Bureau**

Mr Kym Bills, Executive Director, Australian Transport Safety Bureau  
Mr Joe Motha, General Manager, Road Safety  
Mr Alan Stray, Deputy Director, Information and Investigations  
Mr Julian Walsh, Deputy Director, Aviation Safety Investigation  
Mr Peter Foley, Deputy Director, Surface Safety Investigation  
Ms Kerryn Macaulay, Deputy Director, Technical and Projects

**Australian Maritime Safety Authority**

Mr Graham Peachey, Chief Executive Officer  
Mr David Baird, General Manager, Emergency Response  
Mrs Dianne Rimington, General Manager, Corporate  
Mr Mick Kinley, General Manager, Maritime Operations

**Aviation and airports**

Mr John Doherty, Executive Director, Aviation and Airports  
Mr Mike Ford, General Manager, Aviation Regulation  
Mr Neil Williams, General Manager, Airports  
Mr Stephen Borthwick, General Manager, Aviation Markets  
Mr Stuart Sargent, General Manager, Office of Airspace Management  
Ms Sue McIntosh, General Manager, Aviation Services

**Civil Aviation Safety Authority**

Mr Bruce Byron, Chief Executive Officer  
Mr Shane Carmody, Deputy Chief Executive Officer, Strategy and Support  
Mr Christopher Farrelly, Chief Information Officer  
Mr Greg Vaughan, Group General Manager, General Aviation Operations Group  
Mr Peter Boyd, Head of the Planning and Governance Office  
Mr Patrick Murray, Group General Manager, Air Transport Operations Group  
Mr Richard Farmer, Acting Group General Manager, Personnel Licensing, Education and Training Group  
Dr Jonathan Aleck, General Manager, Legal Services Group  
Ms Betty Edwards, Chief Financial Officer  
Mr Jim Coyne, Acting Head of Manufacturing, Certification and New Technologies Office  
Mr Gary Harbor, Head of Human Resources  
Ms Julie Fox, Manager, Corporate Relations

**Airservices Australia**

Mr Jason Harfield, General Manager, Safety Management  
Mr Ken McLean, General Manager, Air Traffic Control

Mr Richard Dudley, General Manager, Corporate Affairs

**Inspector of Transport Security**

Mr Mick Palmer, Inspector of Transport Security

Mr Peter Pearsall, Director, Office of the Inspector of Transport Security

**Office of Transport Security**

Mr Paul Retter, Executive Director, Office of Transport Security

Mr Darren Crombie, General Manager, Aviation Security Operations Branch

Mr John Kilner, General Manager, Maritime and Surface Security Branch

Ms Cheryl Johnson, General Manager, Supply Chain and Identity Security Branch

Ms Jennifer Morris, Acting General Manager, Aviation Security Policy and Legislation Branch

Ms Rhyan Bloor, General Manager, Governance and Operations Branch

**Regional Services**

Ms Carolyn McNally, Executive Director, Regional Services

Dr Gary Dolman, General Manager, Regional Partnerships Branch

Mr Marcus James, General Manager, Regional Policy Branch

**Territories and Local Government**

Mr John Angley, Executive Director, Territories and Local Government

Mr Barry O'Neill, Acting General Manager, Local Government and Natural Disasters

Ms Anna Clendinning, General Manager, Territories East

Mr Julian Yates, General Manager, Territories West

**National Capital Authority**

Ms Annabelle Pegrum, Chief Executive

Mr Lindsay Evans, Managing Director, Business

Mr Todd Rohl, Managing Director, Planning and Urban Design

Ms Alison Walker-Kaye, Managing Director, Corporate

Mr Geoff Britt, Chief Finance Officer

Mr Andrew Smith, Director, Projects

Mr Peter Byron, Executive Manager, Events and Outreach

Mr John Fletcher, Director, Estate

Mr John Thistleton, Executive Manager, Media Relations

**CHAIR (Senator Heffernan)**—I declare open this public hearing of the Senate Standing Committee on Rural and Regional Affairs and Transport. The committee will continue its consideration of the 2007-08 budget estimates for the Department of Transport and Regional Services. I propose to call on the estimates according to the format adopted in the printed program. I remind the department that the committee has fixed Thursday, 12 July 2007 as the date for the return of answers to questions taken on notice.

Under standing order 26 the committee must take all evidence in public session. The Senate by resolution in 1999 endorsed the following test of relevance for questions at estimates: any questions going to the operations or financial positions of the departments or agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. The Senate has resolved also that an officer of a department of the Commonwealth or of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superiors or to a

minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about how and when policies were adopted.

If a witness objects to answering a question, a witness shall state the grounds upon which the objection is taken and the committee will determine whether it can insist on an answer, having regard to the ground which is claimed. Any claim that it would be contrary to the public interest to answer a question must be made by the minister and shall be accompanied by a statement setting out the basis for the claim. I remind all witnesses that in giving evidence to the committee they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

I welcome back the minister, the Hon. David Johnston, Minister for Justice and Customs, representing the Minister for Transport and Regional Services. We will continue from where we left off last night, in the deep and probing questions of CASA.

[9.02 am]

#### **Civil Aviation Safety Authority**

**Senator O'BRIEN**—I have just a couple of questions to follow up the matter we were pursuing last night. Mr Byron, I thought you were telling the committee last night that the pilot in that Transair aircraft was on another approach on that day, providing training to the copilot in the use of the GPS. Is that what you said?

**Mr Byron**—Yes, my understanding based on the information from the ATSB report—reading the factual information—is that there is the possibility that the copilot on that aircraft was actually conducting a GPS approach on another sector on the day. That is the analysis that our people have done of the ATSB report.

**Senator O'BRIEN**—He did not hold an approval for that at that time, I take it?

**Mr Byron**—The copilot did not hold an approval to conduct GPS approaches, but—

**Senator O'BRIEN**—Was the pilot in the aircraft at the same time?

**Mr Byron**—The pilot would have been, yes.

**Senator O'BRIEN**—So he was conducting the training, was he?

**Mr Byron**—We are assuming that. If the aircraft was in visual conditions it would have been possible for the pilot in command to have permitted the copilot to conduct the GPS approach under a training regime, because the pilot in command actually had a training approval.

**Senator O'BRIEN**—He did? I was not aware that he was qualified to provide the training. You say that he was.

**Mr Byron**—My understanding is: yes.

**CHAIR**—Did you say that the pilot in the left-hand seat was flying the plane?



**Mr Byron**—No. On a previous sector on the same day the pilot in command, the senior pilot, was occupying the left-hand seat. Not only was he the pilot in command, he also had approval to conduct training of other pilots. Under some circumstances he would have been able to provide training for the copilot on GPS approach as long as they were in visual conditions.

**Senator O'BRIEN**—Were there passengers on board?

**Mr Byron**—Yes.

**Senator O'BRIEN**—Is he allowed to conduct training while passengers are on board?

**Mr Byron**—My understanding is, yes, and I will just double-check. I am advised that, yes, he is, most definitely.

**Senator O'BRIEN**—So while we are flying around regional Australia we could be on a training flight with passengers?

**Mr Byron**—You would not be on a training flight where the copilot is gaining an endorsement to operate the aircraft. The copilot would have to have that qualification prior to doing any revenue flying. What we are talking about here is an additional instrument approach endorsement of his instrument rating and, provided the aircraft is in visual conditions, it would be possible for training to be conducted as though it were a visual approach. It is what we call 'command under supervision'.

**Senator O'BRIEN**—So it would not be legitimate if your alternative scenario for the crash was concerned and he was doing another practice in—

**Mr Byron**—In Lockhart River? That was using instruments in better conditions and that would not have been on.

**Senator O'BRIEN**—Could you confirm on notice the regulations that permit that.

**Mr Byron**—Certainly.

**CHAIR**—How do you know that happened?

**Mr Carmody**—My understanding is that on one of the earlier sectors the pilot in command was making the radio calls and there was an implication that the first officer was flying the approach. If you go back to the crash event, there is also a cross-reference to the fact that the first officer was making the radio calls and therefore, by implication, the pilot in command was actually flying the approach. But that is the only evidence and it does not necessarily follow that somebody is doing everything or that the workload is split that way, but that is how the assertions are put together in the report.

**CHAIR**—But it could be quite meaningless?

**Mr Carmody**—It could be in both scenarios. It just cannot be ruled out.

**Senator O'BRIEN**—In terms of in-flight training, was a record kept—and I presume there was for the copilot to get his hours up—of events when the copilot was training in-flight? Have those records surfaced?

**Mr Byron**—Certainly in a good organisation you would expect those records to be kept. I will just get some guidance on that.

**Mr Carmody**—I understand that ATSB has some records of both the pilot in command and the first officer and activities undertaken. I do not have all the details of them but ATSB would have.

**Senator O'BRIEN**—In this year's budget an extra \$12.8 million has been allocated to CASA over the next four years. Can you provide a detailed description of the programs, resources and projects this additional funding will be used for?

**Mr Byron**—You are asking about the additional funding for CASA?

**Senator O'BRIEN**—Yes, the \$12.8 million. I want to know what, over four years, that is being allocated to.

**Mr Carmody**—The \$12.8 million is for what has been called air transport safety mitigation over the next four years. It is for CASA to engage more staff, particularly the systems safety specialists that we have spoken about extensively but also field safety advisers and safety and risk analysts. We are looking at a total of 18 additional staff over the next four years. That is part of the philosophy of moving to the systems safety specialist model that we have discussed. It is also part of putting more people on the tarmac.

**Senator O'BRIEN**—Can you tell us where those additional staff will be located?

**Mr Carmody**—The systems safety specialists and safety and risk analysts will be in the Air Transport Operations Group. They are in the group that focuses on the fare-paying passenger. That is where we are putting more inspectorate resources at the moment. The field safety advisers are in the area that looks after safety management, which is in the personnel, licensing, education and training area, but we do allocate them in field offices around the country. The Air Transport Operations Group, as you know, principally has offices in Brisbane, Sydney and Melbourne but it outposts people—as we discussed in some earlier answers—and moves people around. It is that area of the business.

**Senator O'BRIEN**—So will the additional positions be equally spread throughout those offices?

**Mr Carmody**—I do not think the final disposition has been made. We made a judgement on the additional numbers that we felt we needed, but I do not think the final disposition of exactly where they are going to be has been made. We have to engage them first. Whether there will be more in Sydney versus Brisbane or Melbourne has not been decided.

**Senator O'BRIEN**—No additional for the western seaboard?

**Mr Byron**—The way we could best answer this would be to say that we have moved the allocation of our resources to a risk based approach. Where we believe the risk is greatest or emerging we try and allocate the resources accordingly. Large operators on the eastern seaboard certainly have the potential for high risk if things go wrong, so we provide adequate attention and lots of resources for that. As we discussed yesterday, in Western Australia there is an emerging amount of activity. One of the reasons we are particularly keen for this funding is that regional operations throughout Australia—some of the large regional operators, including in Western Australia—are increasing in size and moving into larger aircraft and, by definition, that type of change defines the potential for risk. It is my expectation that we would have some permanent presence for these larger aircraft in Western Australia.

**Senator O'BRIEN**—But your main offices are on the eastern seaboard. How many of these field safety officers are based in Western Australia?

**Mr Carmody**—If I may clarify the terminology: systems safety specialists in the Air Transport Operations Group. I do not believe we have any in Western Australia at present, but I will check that. As I said, the air transport side of the business is run from the east coast and people move across. As Mr Byron said, we are planning to grow our Western Australian office, so it is very likely that systems safety specialists will be represented there permanently. Field safety advisers, for us, are a relatively new group of people. I think we have engaged them in the last 12 to 18 months and we are starting to build that up. They do not spend their time auditing. They spend their time trying to assist operators build a safety culture. I understand—my colleagues will correct me if I am wrong—that we do not have any field safety advisers permanently in Western Australia, but I believe we have had someone across, or we are planning to. My colleagues may be able to help me if there is any more detail.

**Mr Byron**—I might ask Mr Murray to give you a little more detail about the planned allocation of additional resources.

**Mr Murray**—At the moment, in terms of systems safety specialists we have recruited three from within existing resources. We allocated one to the Sydney office, one for the Brisbane field office, and one to the headquarters in order to pull together the program for recruiting more staff. That program was confirmed in the budget—we had the financial allocation—and the plan is to deploy the new recruits to where they are most needed. There is certainly a plan to have a permanent presence in the west, but this is still being developed. It does not yet have internal approval but we have spoken about it informally and there is certainly a plan to have a presence in the west. Basically the situation in Western Australia has seen an expansion, and the rate of that expansion has increased significantly over the last couple of years. Obviously, the original deployment of air transport staff was based on where the risk was greatest. As the situation changes, we have been deploying people on a tactical basis, on an as-required basis, to the west. It has now reached that point where we can look at a permanent presence in the west, and we are using some of these additional resources to do that.

**Senator O'BRIEN**—You say the plan has not yet been approved.

**Mr Murray**—Internally, the plan has been notionally approved—

**Senator O'BRIEN**—What does that mean?

**Mr Murray**—We don't have sign-off as yet on the nature of the way that the presence in the west will be increased. At the moment we don't have an air transport office in the west. We have a general aviation office and if I am deploying Air Transport Operations Group to Western Australia or to an area where I don't have a management structure, or command and control, clearly I have to consider the way that those people would be best supervised. At the moment, the way that is being done is through the management structure of an existing field office. But it is a fairly big decision to deploy staff in order to use them to the maximum efficiency in other areas. Clearly, there is a need in the west and we have agreed on that. How it will be done has not yet been agreed.

**Senator O'BRIEN**—When will that decision be taken?

**Mr Byron**—Having just been allocated the resources in the budget, Mr Murray has indicated that he has his ideas of how he is going to go about it.

**Senator O'BRIEN**—So you didn't allocate them because you didn't have the money before; is that what you are saying?

**Mr Byron**—We allocated resources on a temporary basis as the need arose. As Mr Murray is saying, he has done that from a tactical point of view. The additional resources that we have now allow us to provide a permanent presence there. As to the exact size of that permanent presence, I will be interested to see the arguments put forward. We will definitely—

**Senator O'BRIEN**—So the decision has been taken, or you have just taken it; which is it?

**Mr Byron**—As I said earlier, we have taken the decision to have additional resources in Western Australia. That decision has been taken. The exact amount of it has not been defined.

**Senator O'BRIEN**—So if the decision is taken by 1 July, how long before the presence would be there? Do you have to recruit people? Do you have to train people? Are you going to transfer people? Are people prepared to transfer?

**Mr Carmody**—We have to recruit and train. But we can also move people over temporarily. We also have to look at office space in Western Australia to see whether we have enough room for growth. So there are a range of considerations that we are looking at right now. We have been looking at them for some time. We looked at them in the context of the proposal as we developed it for government. And we are still working through it now. Now we have the funding we will turn it into reality.

**Senator O'BRIEN**—Does that mean Western Australia has had an inferior safety regime?

**Mr Carmody**—I don't believe that is the case.

**Senator O'BRIEN**—You haven't fully implemented your new system of safety regulation in Western Australia, by the sound of it.

**Mr Carmody**—I don't think that is the case.

**Mr Byron**—We have identified a need for additional resources in Western Australia on the basis of what we call an emerging risk. That requires us to have additional resources. We have sought and received funding to provide that across the board and the organisation. Over the last 12 months, as we have needed additional people in the west, they have been provided on a tactical basis, to use Mr Murray's term. People have been sent over as required, so we have covered the risks as they have been emerging over the last 12 months. But there are quite significant plans in the west with the Western Australian operators, and it is quite clear now that we need a permanent presence. We have the funding for it and, as I think we have already said, we plan to provide that presence. I expect to have the planning and the detail of it signed off when we have the money available—that is, 1 July. As to how soon we can get the permanent people on the ground, that will depend on the recruitment process. In the interim, if we need people on a temporary basis, as they have been sent over for the last six to 12 months, that will happen.

**Senator O'BRIEN**—But I thought your new approach to safety was to have people on the ground, on the airstrip, in the hangars, aware of what is going on and having a presence in the sector.

**Mr Byron**—Certainly. They are the instructions I have given the organisation for the last two years—to increase presence out on the tarmac. The information I have received is that we have progressively increased that across the board, including all parts of the country where we have CASA officers.

**Senator O'BRIEN**—CASA has been the subject of at least two adverse findings in coronial inquiries in Western Australia over the last few years. When did you come to the view that you needed an increased, substantial presence in Western Australia? Was it only in the lead-up to the budget?

**Mr Byron**—No, certainly not. We have identified that as the operations have changed and as operators have come to us and said that they plan to change. The discussions we have had in the management of the organisation are that we need to increase our presence in Western Australia. Mr Murray has done that on a tactical basis, as he has needed to do. It is not tied to anything outside the industry; it is tied to the change in activity in the industry.

**Senator O'BRIEN**—What is the budget for your Western Australian operation?

**Mr Byron**—As I said earlier, the detail of the increased resourcing in Western Australia is yet to be defined. We have a whole-of-CASA budget. We will allocate that as we think appropriate depending on the risk. We also have changes to other operators that are not on the western seaboard. We have increasing international operations from two carriers. We need to cover that as well. We have increasing activity from international carriers coming into Australia at different ports. We are not going to apply a knee-jerk reaction to any particular part of the industry; we are going to put the whole puzzle together and work out how best to allocate our resources.

**Senator O'BRIEN**—So you do not have enough money to do the job; is that what you are saying?

**Mr Byron**—No, I am not saying that.

**Senator O'BRIEN**—So you do have enough money to do the job.

**Mr Byron**—Yes, we certainly do. The increase in funding that we have for these next few years addresses what we believe is the increase in resources that we need at the front line.

**Senator O'BRIEN**—Therefore you must know what you need in Western Australia. That is why I asked about your budget.

**Mr Byron**—I might ask Mr Murray to give us a bit of an idea of his expectation of the increased resource but, as I have said, we have not defined precisely how many we are going to put in each particular office. We have only just been given the funding.

**Senator O'BRIEN**—But presumably you asked for additional funding because you needed it. Is that right?

**Mr Byron**—Yes, but that was from a whole-of-CASA point of view.

**Senator O'BRIEN**—But these moneys—the \$12.8 million you have described—are going to a particular purpose. Presumably you asked for funding for a particular purpose, or was it just to see what you could get and then decide what you would use it for?

**Mr Carmody**—We asked for the funding for a particular purpose. We wish to increase the focus particularly in the area where there was a great deal of growth. Some of the discussion last night is again relevant to the budget. The Western Australian office is principally a general aviation office. The air transport people that we move into Western Australia are moved in and moved out. I do not have the figures in front of me of the office-by-office breakdown because we break our figures down by a general aviation group budget and an air transport operations group budget—this end of the business and that end of the business.

Where we have felt that we needed most focus, which is why we went for the additional \$12.8 million in funding, was particularly in the areas that we have mentioned. So it was considered; we knew we needed more money. We know that there is an increased need for surveillance in those areas, and that is why we put the proposal forward.

**Senator O'BRIEN**—But you did not have a precise number that you needed to fund for Western Australia?

**Mr Carmody**—Not for Western Australia, no. We did not put the budget forward on the basis of X dollars for Western Australia and X dollars for anywhere else. We put the budget together on the basis of the funding we needed for the Air Transport Operations Group to do its job.

**Senator O'BRIEN**—So when you are making the assessment of the ability to do the job you do not assess how many bodies you can get on the ground in particular areas to do the job?

**Mr Carmody**—It depends on which end of the debate you start from. What we looked at in terms of system safety specialists were the people we needed, and as Mr Murray said we are growing that skill set. We have engaged three people in the last year; we are seeking to engage more, and now that we have the funding we will do that. We also looked at how many we thought we could engage—how many were out there in the market. Where is this skill set? It is a new skill set that we are developing, so realistically it is part of our approach to the business. If I recall the budget, there is less in the first year as we grow to second, third and fourth.

**Senator O'BRIEN**—Yes, there is \$2.1 million, \$3.5 million and—

**Mr Carmody**—That is correct: as we start to build this up. We will shape it as we go. We know that is the area that we need to do more surveillance in.

**Senator O'BRIEN**—Next financial year there is \$2.1 million. How many people will you employ?

**Mr Carmody**—Eighteen for every year, but we have only allocated essentially 50 per cent for the first year because we have to recruit them.

**Senator O'BRIEN**—So you are looking to get them on by Christmas?

**Mr Carmody**—We are looking to get them on as soon as we can, but we do not expect to have 18 starting by 1 July.

**Senator O'BRIEN**—No: if you are saying you have allocated half you are expecting them progressively, on average, by the middle of the financial year.

**Mr Carmody**—If you averaged it, they would be in by December. The reality probably will not work that way, but that is the number.

**Senator O'BRIEN**—So you will not have enough money?

**Mr Carmody**—We will have enough money.

**Senator O'BRIEN**—Or you will have too much money, because you will not get them. What are you saying?

**Mr Carmody**—Or we might get them early.

**Senator O'BRIEN**—That is what I mean; so you will not have enough money.

**Mr Carmody**—We might get them earlier than December, and if we get them earlier than December we will take them. If we got 18 on 1 July we would take them and make efficiencies elsewhere.

**Senator O'BRIEN**—What area would you cut?

**Mr Carmody**—You would look at your FTE over the year and see whether or not you could. I think we could probably manage those unders and overs in an organisation of over 600. But the reality is it is a bit hypothetical. The facts of the matter are that we got the money to start on 1 July and we will be recruiting as quickly as we can. We have got an average figure for the first year, on the basis that we think we would recruit, on an average basis, half of them in the first year—which looks prudent.

**Senator O'BRIEN**—Your regulatory fee is budgeted to increase from \$12 million to \$21.9 million, according to page 82 of the PBS. Have I read that correctly?

**Ms Edwards**—Our fee income next year is increasing for regulatory services from \$10½ million to \$15 million. In addition, we have the Office of Airspace Regulation—\$2.6 million—and ASIC fees are expected to be \$4.3 million.

**Senator O'BRIEN**—In 2006-07 the estimated actual is \$12 million—is that right?

**Ms Edwards**—That is right.

**Senator O'BRIEN**—In which areas is the growth? Obviously the \$2.6 million is a new figure, isn't it?

**Ms Edwards**—With regard to the growth areas, with our regulatory services, we are gradually implementing full cost recovery. We plan to increase the income from \$10½ million for phase 1 to \$15 million per annum for phase 2.

**Senator O'BRIEN**—What is the total budget of CASA now? Point me to that.

**Ms Edwards**—It is \$138 million.

**Senator O'BRIEN**—On page 86?

**Ms Edwards**—On pages 86 and 95.

**Senator O'BRIEN**—That is showing revenue from goods and services as \$24 million on page 95. That is a different figure.

**Ms Edwards**—That is right. There is another \$2.2 million for Indonesian assistance.

**Senator O'BRIEN**—So that \$2.2 million has gone into that number, has it?

**Ms Edwards**—The \$2.2 million for Indonesian assistance?

**Senator O'BRIEN**—Yes.

**Ms Edwards**—That is a purchaser-provider arrangement with the Department of Transport and Regional Services.

**Senator O'BRIEN**—So that is not revenues from government?

**Ms Edwards**—Yes, it is but it is a purchaser-provider arrangement where we will invoice the department.

**Senator O'BRIEN**—Okay. So the revenues from government go up from \$109.8 million to \$112.9 million.

**Ms Edwards**—Yes.

**Senator O'BRIEN**—And is the \$2.2 million in that number?

**Ms Edwards**—No, it is in the \$24 million.

**Senator O'BRIEN**—Why is it not revenue from government?

**Ms Edwards**—Because the appropriation will be given to the department and then CASA will invoice the department. So, for us, it is revenue from goods and services. This is explained as a—

**Senator O'BRIEN**—We were given material yesterday that said it was to CASA—'transport assistance to Indonesia CASA'.

**Ms Edwards**—It is explained as a purchaser-provider arrangement on page 93.

**Senator O'BRIEN**—In terms of the additional funds from government—\$2.1 million, \$3.5 million, \$3.5 million and \$3.6 million in the out years—in the revenue from government figure in the table on page 95, revenue from government is shown as going down in the out years. Why is that if you are getting more money from government, according to the budget?

**Ms Edwards**—There are a combination of factors in that to do with our new measures for drug and alcohol testing and air transport risk mitigation.

**Senator O'BRIEN**—The budget says that you are getting more from government, but page 95 says that you are getting more this year and then it will go back down to not much more than the 2006-07 figure.

**Ms Edwards**—I do not have the detail for the out year passed—2007-08—with me. I would have to take that on notice as to the variances.

**Senator O'BRIEN**—Can someone explain why. Do you know, Mr Mrdak? It is a pretty clear figure, isn't it?



**Mr Mrdak**—It does reflect some estimates in relation to fuel excise appropriation and the like, which vary depending on activity in the industry. I will take that on notice and come back to you. I will clarify exactly why that has been estimated that way.

**Ms Edwards**—In our long-term funding strategy there was provision for the fuel excise to reduce from 2008-09 onwards, so that would be factored in there as well. As I said, there is a combination of increases and decreases that are quite complex and I do not have the reconciliation with me for those out years. I can take it on notice.

**Senator O'BRIEN**—Mr Carmody and Mr Byron, you have been describing the additional staff you are going to put on because of the extra money but this figure shows that your income goes up this year but then plateaus and eventually goes down. In 2010-11 you are showing it dropping back down to \$132 million in revenue and indeed in total income.

**Mr Byron**—The detail of the out years we will have to provide to you but in terms of the total revenue to CASA, the table on page 95 shows total revenue of \$138 million in this next financial year, which is obviously the one we are focusing on, increasing to \$139.3 million and then to \$142 million before—

**Senator O'BRIEN**—The growth is in goods and services. What does that entail?

**Mr Byron**—That would primarily be in regulatory services.

**Senator O'BRIEN**—I thought they were revenues from government. You are showing regulatory services as going up until 2009-10 and then declining by almost 25 per cent in 2010-11.

**Mr Byron**—The detail as to why there is that variation in that out year, which is a fair way out, we would have to get from the department. Certainly, under the long-term funding strategy regulatory services is still in a stage of increase over the next year or so. Certainly, our regulatory services have been increasing, and that is part of where we get our money from at the moment.

**Senator O'BRIEN**—You are showing a doubling—a 100 per cent increase—in your goods and services income. Part of that obviously is the Indonesian money.

**Ms Edwards**—Part of it is ASICs, which have a cycle. We factored in renewals every two years and then new ASICs every year and that makes a considerable difference. That is another factor.

**Mr Carmody**—The funding that has been allocated to growth for government is over three years. One of them is over four, the others are over three, the Indonesian is over three and I think the drugs and alcohol is \$9 million over three years. The \$12.8 million that you were referring to before runs over four years. When we are doing the calculations and you see the drop-off in 2010 and 2011 it is covered by the fact that the appropriations only run out to the three years and one of them runs to four. But we will take that on notice and confirm it for you if you wish.

**Senator O'BRIEN**—Yes, it would be good to get an explanation because on the face of those figures you are not going to be able to afford the additional staff that you say you need for the regulatory activity.

**Mr Byron**—We certainly do. If it looked like that getting close to that date I am sure CASA would be bleating to make sure it is rectified. Certainly, in the immediate future—the next year and the out years after that—we have our funding for our increased activity.

**Mr Carmody**—In my experience most of those budget allocations only run for three or four years and then you need to justify or convert them into baseline appropriation, and we would do that in our long-term funding strategy.

**Senator O'BRIEN**—Over the last 3½ years almost \$9 million has been spent on change management in CASA. Can we get a detailed description of the spending on change management within CASA since you took over, Mr Byron?

**Mr Byron**—Yes, I can give you some approximate figures. The broad breakdown would be approximately \$7.6 million on employee costs; approximately \$264,000 on modifications to property or property costs; and approximately \$1.2 million in management of the change process, including market testing and that type of thing.

**Senator O'BRIEN**—That is consultants' fees?

**Mr Byron**—The market testing was done by consultants. This is where we wanted to benchmark each of our support areas to analyse their effectiveness. That certainly was done by external consultants.

**Senator O'BRIEN**—And the employee costs: how would you break that \$7.6 million figure down?

**Mr Byron**—There were approximately \$7 million on redundancies, about \$60,000 on relocation, \$350,000 on recruitment and approximately \$164,000 on advertising.

**Senator O'BRIEN**—How many redundancies did \$7 million pay for?

**Mr Byron**—A total of 80.

**Senator O'BRIEN**—Has any audit been undertaken of the success or otherwise of the change management program?

**Mr Byron**—In terms of an audit of the whole change program, no. There are ongoing audits by our contract auditors on a range of issues that are subject to some of the change but not an audit of the whole change program.

**Senator O'BRIEN**—So it is just a matter of management judgement as to whether it is money well spent?

**Mr Byron**—Accountability is with the management, and management judgement about the types of changes that need to be done would be the overarching description. Every change that has taken place has been subject to considerable scrutiny. For example, we were talking about the market testing. That was a very objective and analytical way we looked at our support areas before any changes were made. In terms of the broader organisational changes, the movement of the operational functions out of Canberra, predominantly to the Brisbane operation centre and to other centres, was done on the basis that we need quite clearly to increase our surveillance with existing resources. That was one way of doing it to achieve it as efficiently as possible. There was no audit as to whether that was the appropriate thing to do;

that was a management judgement on the basis of what was the right thing to do to get the job done.

**Senator O'BRIEN**—I take it your view is the current management arrangements for CASA are satisfactory.

**Mr Byron**—Yes.

**Senator O'BRIEN**—And you are not proposing any other changes?

**Mr Byron**—There is nothing specific that we are planning to change. There might be some minor modifications to reporting lines, which you get in any dynamic organisation, but there are no significant changes planned to the organisation or the management.

**Senator O'BRIEN**—On notice, could you provide me with the details of the positions and location of positions that the additional funds in the budget will pay for. I would like position descriptions and the salary range for the positions.

**Mr Byron**—So you would like our plans for where the new resources are going to be allocated?

**Senator O'BRIEN**—Yes, what the position descriptions are and what the salary points are for those position descriptions.

**Mr Byron**—Yes, certainly we can provide that.

**Senator O'BRIEN**—Also, where there are flexibilities as to the location of work, could you identify that.

**Mr Byron**—Yes, certainly. We will give you our best thinking on that. I must add that the aviation industry is at the moment very dynamic. It is important that we maintain some sort of flexibility about the allocation of our staff. We will have a clear idea of where we want to put them in the short term and we will provide that too.

**Senator O'BRIEN**—Regarding the transport safety assistance to Indonesia package announced in the budget, how would you describe CASA's role in that program?

**Mr Carmody**—We have been involved in discussions with the department—led by the Department of Transport and Regional Services—for some months. Prior to the budget, when the decision was announced, we were working under the Department of Transport and Regional Services with the other agencies involved—ATSB, Airservices Australia and AMSA—towards defining what sort of assistance can be provided to Indonesia. A portion of the funding is being held centrally in the department, but a portion of the funding is allocated to CASA. It is based on our initial estimates of what assistance we might be able to provide. But we need to further refine those areas of assistance over the next couple of months.

**Senator O'BRIEN**—Is that funding under your control or is it under the funding control of the department?

**Mr Carmody**—It is that purchaser-provider arrangement that was defined before. A steering group has been established to define the task in more detail. I presume that we would be invoicing the department—for want of a better term—for the costs once we agree in detail what the costs are.

**Senator O'BRIEN**—The PBS says that it is a budget measure relating to CASA. That is where those amounts—\$2.2 million, \$2.1 million and \$2.1 million—appear. The way you are describing it, it is as if it is DOTARS' money and you are going to bill them for services.

**Mr Carmody**—It might be my lack of financial understanding so forgive me if that is the case. I understand that that purchaser-provider arrangement covers that and that is why it was written that way in the PBS. That is my understanding, but the CFO or Mr Mrdak might be able to help me.

**Mr Mrdak**—The decision to set it out in the PBS and to do the allocation that way has been settled by Treasury and the Department of Finance and Administration under the budget rules. As Mr Carmody has indicated, the intention is that there is a portion of the moneys which we will manage through the department. As Ms Page outlined yesterday, she and the secretary are travelling to Jakarta tomorrow to start discussions at a senior level with the Indonesian authorities as to where we can be of assistance, so that will be clearer. The rationale for the way the money has been allocated is the result of budget rules by central agencies.

**Senator O'BRIEN**—So Treasury said it is CASA's money and DOTARS say it is DOTARS' money and CASA can bill it for services. Is that how I should understand it?

**Mr Mrdak**—It is going to be centrally managed by DOTARS but, because the intent is that that portion of it that has been identified for CASA will go with CASA, it has been put in the accounts for CASA.

**Senator O'BRIEN**—So we cannot be sure that they are the right amounts for CASA?

**Mr Mrdak**—I think we have some certainty based on indicative estimates, but they will be finalised once we settle the project and where the priorities are, particularly as the years progress.

**Senator O'BRIEN**—It sounds a bit rubbery to me. I take it CASA has no idea of the services it will ultimately be providing or what they will cost.

**Mr Carmody**—That is not correct; we have made some initial estimates and that is what the costing was based on. The Civil Aviation Safety Authority does not have an ongoing relationship with Indonesia in any major way, like Airservices Australia or ATSB or even the Department of Transport and Regional Services. Because we do not have an ongoing arrangement we are not in a position to scope out in detail in advance what we might spend the money on to support these aviation initiatives. We understand the aviation business; we understand it in Australia and we think we understand an element of it there. But we need to work with the Indonesian aviation authorities to work out where we can best provide support.

**Senator O'BRIEN**—You do not know what support you need to provide?

**Mr Carmody**—We have made some estimates on what we think we could provide but, no, we do not know yet in detail. We know the type of support that we can offer as an organisation, and we will work that up.

**Mr Mrdak**—That is right, Senator. The budget planning and the proposals put to government were based on what CASA's skills and capabilities are, and some initial estimates

are based on what services CASA can provide, but the refining of that will take place post the secretary's visit this week.

**Senator O'BRIEN**—So until we actually talk to the Indonesians we really do not know what they want.

**Mr Mrdak**—We have done some initial estimates based on the sorts of things we can do for them, but, as you say, until we actually talk to them we cannot identify it in some detail. As Mr Carmody has outlined, some of our agencies have a much better understanding than others at this stage because of their closer relationship. As Mr Bills and Mr Stray of the ATSB outlined last night, they have a very good working relationship in terms of what the air safety investigators need in Indonesia. But, again, we will work with them to make sure that the request comes clearly from them following discussions.

**Senator O'BRIEN**—Can we, on notice, receive the details of your estimate of how CASA will spend the money?

**Mr Carmody**—Yes, we can provide that on notice. Bearing in mind that it really is an additional estimate, we may wish to move those resources around.

**Senator O'BRIEN**—As I said, it sounds like the figures are pretty rubbery. You are dependent on what the Indonesians want before you can decide how you are going to spend the money, surely.

**Mr Carmody**—We are.

**Mr Mrdak**—We are, and that has always been the basis of Australia's approach to this matter. As Ms Page indicated yesterday, we are not sailing in there saying, 'This is what you must have, and here it is,' which is how some countries do these matters. We have taken a much more cooperative approach with the Indonesians.

**Senator O'BRIEN**—I presume there is a request for assistance.

**Mr Mrdak**—Yes. Our post has worked very closely with the Indonesian government in relation to these matters.

**Senator O'BRIEN**—Thanks for that. On another matter, I asked a question on 31 July last year to the Minister representing the Minister for Transport and Regional Services. It is question 2269. It is about cabin air quality. I cannot find an answer to the question having been tabled. The question reads:

- (1) Is the Minister aware that on 25 July 2006 a member of the House of Lords asked a written question of the British Government concerning its knowledge of any payments made by British Aerospace Regional Aircraft Limited to Ansett Transport Industries Operations Limited and East West Airlines Limited, under an agreement dated 3 September 1993, in connection with design flaws in the BAe 146 aircraft, allowing contamination of cabin air by oil and other fumes.
- (2) Is the Government aware of any payments pursuant to such an agreement:
  - (a) if so: (i) what is the quantum of these payments, (ii) what are the full terms of the agreement, and (iii) can a copy of agreement be provided; and (b) if not, will the Minister investigate this matter.

I raise it here because CASA has a key role in the issue of cabin air quality. Do you know if an answer has been provided?

**Mr Carmody**—Our staff behind us will check on where the answer to the question is. I would have presumed it had been provided if it was July last year. We can provide some answers on cabin air quality today, if you wish to explore the issue.

**Mr Mrdak**—I am sorry; I do not have any knowledge of that specific question. I will chase that as a matter of urgency and give you advice today in relation to where that answer is, if it has not been provided. I do apologise if that is the case. I will make urgent inquiries in relation to that specific question.

**Senator O'BRIEN**—I would appreciate that. Is CASA aware of any notified incidents of contamination of cabin or cockpit air over the last three years?

**Mr Carmody**—I will seek some advice.

**Mr Byron**—I might be able to give you a little bit of detail. These types of issues are normally reported to us through the service difficulty reporting system, which is a mandated reporting arrangement. Our observation is that they have declined steadily over the years. In 2006 six confirmed defects were reported. In the past 12 months ending 17 May there have been no reported defects concerning contaminated air in BAe146 aircraft.

**Senator O'BRIEN**—Has the number of BAe146 aircraft flying in Australia declined?

**Mr Byron**—I know that they are still being operated in some parts of the country. I would have to get an answer back to you on whether the numbers have decreased. I know some of them have gone offshore. I will provide that to you on notice.

**Senator O'BRIEN**—I think the last one I saw was flying to Christmas and Cocos islands. I am not sure that they are still flying over regional Western Australia, but Senator Sterle might have seen one.

**Mr Byron**—I think they are mainly on freight operations.

**Senator O'BRIEN**—The BAe146 is a little four-engine 80-seater—

**Senator STERLE**—No, I have not.

**Senator O'BRIEN**—depending on the configuration. It could be 120 in China.

**Mr Byron**—They have noisy flaps.

**Senator O'BRIEN**—Yes. They fly all right and sometimes produce cabin—

**Mr Byron**—They warn you when the flaps are being activated, because of the noise.

**Senator O'BRIEN**—Zero reports in 12 months might mean that only one or two aircraft are flying.

**Mr Byron**—I believe there are more than that but I had better check the facts and get the exact detail on the number of aircraft to you.

**Senator O'BRIEN**—If it is zero reports on RPT, there may be others that are being used for other purposes.

**Mr Byron**—There certainly are some being used for freight, but are you interested only in RPT?

**Senator O'BRIEN**—That and passenger charter, yes. Other aircraft have been mentioned in international reports as having similar problems. I am not sure how many of those other aircraft types fly into Australia, but the 767 was known to have them as well. The Boeing 767 has had some such difficulties and we definitely have some of those. There are no reports on the 767, I take it?

**Mr Byron**—I am not aware of any on the 767 recently. I am sure if there had been we would hear about it pretty quickly, but I can check to see whether there have been any SDRs submitted on 767 aircraft.

**Senator O'BRIEN**—What is the status of the Virgin AOC with the addition of its new aircraft—the Embraer, I think it is?

**Mr Byron**—I might ask Mr Murray to give you the detail of that, Senator.

**Mr Murray**—Virgin Blue have applied to amend their AOC to incorporate the introduction of the Embraer regional jet. An application is being processed—it is in its early stages.

**Senator O'BRIEN**—How long would you expect it would take to be processed and are there any issues with the aircraft?

**Mr Murray**—Typically, a change would take between four and six months—that is based on experience of introducing a relatively new type of aircraft. Virgin Blue is an existing airline with established procedures. Therefore, that will also affect the process, as opposed to perhaps being a new entrant airline.

**Senator O'BRIEN**—There are aircraft by that manufacturer flying in Australia on RPT routes but not that jet type, as I understand.

**Mr Murray**—With effect from last Friday, an AOC was issued for that aircraft type for a single aircraft. That is the first time that an AOC has been issued to that aircraft type in Australia.

**Senator O'BRIEN**—So the type is now one which has been added to someone's AOC.

**Mr Murray**—Yes.

**Senator O'BRIEN**—RPT?

**Mr Murray**—RPT with effect from I think early this week is when the services start but the AOC was issued last Friday afternoon.

**Senator O'BRIEN**—What state is that service operating in or is it multi-state?

**Mr Murray**—The company is called SkyAirWorld and it will be operating a service for Solomon Airlines. I believe the introduction will be on the Brisbane-Honiara service. Even though it is the first time this aircraft type has been operated in Australia, it has been operated overseas for some years. It is not a new aircraft type worldwide; it is a new aircraft type to Australia.

**Senator O'BRIEN**—Has it been flying in the US?

**Mr Murray**—I do not know whether it has been flying in the US. I am certainly aware it has been flying in the Asia-Pacific region, it has been flying in Canada, in Hong Kong and

into China by a Hong Kong airline. There are a significant number on the register and all the indications are that they are proving to be a popular aircraft and with increasing interest worldwide.

**Senator O'BRIEN**—It is of a size the could fly into Bankstown Airport, is it not?

**Mr Murray**—I think that would be pushing it. It is a 70- to 90-seater, depending on configuration.

**Senator O'BRIEN**—I had a recollection that they had permission to fly in smaller jets and I thought that might have fallen within the category.

**Mr Murray**—No. I have never operated out of Bankstown and therefore I do not have the information available but Bankstown is very much a general aviation airport. If it is comparable, for example, with Parafield or any of the other general aviation—GAAP—airports then it certainly would not be suitable for an aircraft of this size. There are some aircraft being introduced worldwide called 'very light jets' but these have very small numbers of passengers—four to six. They are gaining some media interest at the moment.

**Senator O'BRIEN**—I wonder whether you would check that because my recollection is that Bankstown were talking about a larger aircraft and a four- to six-seater jet.

**Mr Murray**—I will check that, Senator, but I would be very surprised if indeed it was the Embraer regional jet that we were talking about.

**Senator O'BRIEN**—It may not be that specific, but in terms of the medium-sized jet aircraft, I thought that was something that had been put on the long-term operating plan, and they have extended their strip.

**Mr Mrdak**—I think they have. Their master plan included a small number of RPT operations in the future for aircraft up to around 146 size or that equivalent category. I do not think, as Mr Murray has indicated, it goes to the Embraer regional jet size. I will check that. Their master plan had a very limited number of movements by RPT in the future.

**Senator O'BRIEN**—A 70- to 90-seater is about BAe size in terms of passenger numbers. I do not know about length or—

**Mr Mrdak**—I think it is the performance characteristics of this particular aircraft and the speed of approach and the like which would be the critical factors.

**Senator O'BRIEN**—On another regulatory issue, how does CASA consult on the development and consideration of regulatory changes that come before the parliament as disallowable instruments?

**Mr Carmody**—CASA has a very extensive consultation process for regulatory development proposals through the Standards Consultative Committee. The Standards Consultative Committee is an industry-chaired body with about 60 members including representatives from CASA and a wide-ranging group of industry representatives. Regulatory development proposals are managed and consulted through that committee process and worked through subcommittees like the Flight Crew Licensing Subcommittee or project teams under that committee as they are developed. As I said, there is an extensive process.



**Senator O'BRIEN**—Some of the instruments are dispensations or alterations to regulation that may have limited application. Does it go through the same process then?

**Mr Carmody**—I do not believe so. I was talking regulations writ large. If you could give me a moment I will check. Exemptions to regulations for an individual operator do not go through that full consultation process.

**Senator O'BRIEN**—What happens then? Is it just a one-to-one?

**Mr Carmody**—My understanding is that the operator applies for an exemption and makes a case. The case is reviewed and assessed and progressed on that basis.

**Senator O'BRIEN**—So Virgin have been effectively issued a direction on the number of cabin attendants—321/06—which permits a reduction in cabin attendants.

**Mr Carmody**—That is correct, Senator.

**Senator O'BRIEN**—So that was a one-to-one operation. An aircraft flown by another operator would require five; they are permitted four.

**Mr Carmody**—My knowledge is that the operator, Virgin Blue in this case—and I will defer to Mr Murray who has much more expertise in this area than I do—put forward a very compelling safety case for being able to change their cabin crew ratio. That safety case was assessed and reviewed. We agreed with the request that had been made and therefore the cabin crew ratio changed.

**Senator O'BRIEN**—So this is a precedent for everyone else who uses this aircraft, I take it?

**Mr Murray**—The way that aircraft are operated by individual operators differs and therefore we are certainly open to considering safety cases from any other operator. Certainly we would not, for example, use the Virgin Blue safety case as a precedent to allow any other operator to automatically reduce numbers. They would have to put up their own safety case simply because the way the aircraft are operated and the way that the cabin crew are trained are different. Indeed, the Virgin Blue case required significant changes to the Virgin Blue procedures in order to reduce their cabin crew from five to four, which is the number that the aircraft was originally certified for.

**Senator O'BRIEN**—The only condition is the direction that you have got to have physically competent people in the exit row. That row has to be occupied by a minimum of two physically competent, able-bodied people who receive and respond to a briefing on the opening of over-wing emergency exits.

**Mr Murray**—That is correct, and those are the changes.

**Senator O'BRIEN**—So all they have to do is stick to having apparently able-bodied people there, get their consent to open the door and tell them how to open the door. Is that the safety case?

**Mr Murray**—The safety case actually went to two significant volumes.

**Senator O'BRIEN**—Two volumes to say that? They are the conditions.

**Mr Murray**—It is a lot more complex than that. The conditions on the safety case are indeed expressed in the way that you described in the instrument, but the safety case itself involves significant training issues with cabin crew, analysis of the way that aircraft are evacuated and deployment of crew members. A small example is that the fifth crew member under the previous regime would move from the back of the aircraft forwards to attempt to assist with the opening of the over-wing exits, thus actually moving against the natural passenger flow that would be moving towards the main exits. The way the aircraft is certified assumes that all of the passengers can be evacuated in 90 seconds using half of the number of main doors. The over-wing exits do not form part of that certification. So if the passengers open the over-wing exits, that is in fact a bonus, over and above the certification standard.

**Senator O'BRIEN**—So those occupying the over-wing exits do not need a direction from the crew to open the doors?

**Mr Murray**—They do, because they are—

**Senator O'BRIEN**—How do they get there, if they have to move against the flow of passengers? Do they have to yell from the back with a megaphone or something?

**Mr Murray**—No. As in the direction, the passengers are able bodied and there is a process by which they are briefed specifically in a very different way from the way that they would be briefed assuming that a cabin crew member could be present to assist at the time. It is a more interactive briefing. The Virgin Blue procedures spell out the nature of that interactivity.

**Senator O'BRIEN**—That is in operation now, is it?

**Mr Murray**—Yes, it is.

**Senator O'BRIEN**—A very different briefing, is it? Have you heard it?

**Mr Murray**—Yes, I have.

**Senator O'BRIEN**—I have heard it, too.

**Mr Murray**—You will agree then that there is a very different briefing.

**Senator O'BRIEN**—I don't think it is very different. I don't think there is a huge significance, from my recollection, in the briefing, but there are some differences. This proposition that you should only open the doors if instructed by the crew remains, doesn't it?

**Mr Murray**—The nature of the briefing gives the conditions under which the doors should not be operated and the conditions under which the door should be operated. For example, the passengers are instructed to look for specific threats outside the aircraft, such as rising water, fire, flames and smoke.

**Senator O'BRIEN**—Obstruction, damage?

**Mr Murray**—Yes.

**Senator O'BRIEN**—It seems to me the sort of briefing you receive on a Jetstar flight or a Qantas flight. Jetstar fly a slightly different aircraft. Their crew numbers are one to 36 passengers, aren't they?

**Mr Murray**—All aircraft in Australia are one to 36.

**Senator O'BRIEN**—Except for these aircraft?

**Mr Murray**—Except for this aircraft.

**Senator O'BRIEN**—Where it is about one to 47?

**Mr Murray**—The specific application was not to change the ratio; it was to be able to operate this particular aircraft with its particular enhanced passenger door design and the over-wing exits. Senator, in the eighties and nineties, as a result of an accident in Europe, Boeing actually changed the door design of the over-wing exits. So the over-wing exits, for example, in the 800 series of 737, are quite different from those in the 400 series, which are a plug type door weighing about 20 kilos and requiring significant strength to open and move out of the way. These doors are spring loaded with a single lever; it springs open above and below and people can simply walk out. That was brought about as a result of an accident. It was expected that in an accident passengers would probably, in all realism, be expected to open those doors themselves.

**Senator O'BRIEN**—That is what the briefing tells you on all aircraft, doesn't it? Whether it is a 737-800 or an A320 or a Dash 8, that is what the briefing tells you, or don't you know?

**Mr Murray**—I am sorry, I thought you were telling me.

**Senator O'BRIEN**—I asked you the question. Isn't that right?

**Mr Murray**—On all aircraft, passengers sitting in emergency exits are briefed on how to operate that emergency exit. In some aircraft types, there is an anticipation. You mentioned the Dash 8. There are cabin crew seated adjacent to the exits. There is every anticipation that there will be a cabin crew member there capable of assisting and directing the passenger flow and so on.

**Senator O'BRIEN**—So this just happens to coincide with the crew ratio in New Zealand for this aircraft, which was the subject of considerable debate when the acceptance of the New Zealand regulatory arrangements for aircraft flying in Australia was made lawful.

**Mr Murray**—The ratio around the world, with very minor variation in one or two countries, is one in 50. Certainly Australia, with one in 36, is significantly out of step with that, although I can categorically say that in the processing of this instrument, both in the application and in the consideration, the New Zealand situation was not considered in the way you have suggested. What was considered was the way the aircraft was certified and the safety case that was supplied by the operator.

**Senator O'BRIEN**—So all that any other operator of this aircraft needs to do is to mount the same safety case and they will be granted this variation of regulatory requirement. They will be allowed to reduce their cabin crew from five to four.

**Mr Murray**—If they mount the same quality of safety case, not the same safety case. That is more than a subtle difference. The safety case is an exposition, a statement, of how they will manage the risks associated with an aircraft evacuation with a particular number of crew members. It involves crew training, passenger briefing and passenger deployment. A very small but a very simple example is that on existing aircraft there is no requirement to have passengers sitting in those over-wing exit rows. It is my experience that sometimes they are the last rows to be allocated because the pre-booking does not allow you to book into those rows. Therefore, sometimes those rows are empty, in which case no-one gets the briefing and

in which case no-one is able to open those doors on a self-help basis. In the case of this safety case, the operator insists that there are people sitting in those rows, that they are able-bodied and that they do receive an interactive briefing, thus ensuring that those doors will be opened by lay passengers but nevertheless by people who have been contemporarily briefed.

**Senator O'BRIEN**—In the case that no-one wished to sit in those seats, Virgin would have to direct two passengers to sit in those seats.

**Mr Murray**—Yes.

**Senator O'BRIEN**—Against their will.

**Mr Murray**—Or they would have to—

**Senator O'BRIEN**—Even though they were not prepared to open the doors. That is what the safety case has accepted, is it?

**Mr Murray**—That is what the direction states. Those seats must be occupied by a minimum of two passengers.

**Senator O'BRIEN**—Even if some people say, 'No, I am not prepared to open the doors.'

**Mr Murray**—It is a little hypothetical, because—

**Senator O'BRIEN**—Well, that is the safety case. You are saying that you have covered this off in a safety case.

**Mr Murray**—That is correct.

**Senator O'BRIEN**—You are saying that people have to be there and they have to be physically able to open the doors. It doesn't say that they have to be prepared to.

**Mr Murray**—That is part of the training. The direction which was issued to the airline does not cover every detail of the crew training. As recently as two weeks ago I was on a Virgin flight. I specifically asked to sit in an exit row, as indeed our inspectors are told to do from time to time, in order to do some operational surveillance. I was impressed with the standard of briefing. I was impressed with the standard of interactivity. The cabin crew asked us to identify the card, to take the card out, to physically hold it and to read the centre portion of the card, which is more than I have experienced elsewhere. The individual got down to eye level, so was engaging the passengers at eye level and ensuring that the passengers were listening. In previous experience—not with any particular airline—I have experienced some passenger briefings in the exit rows which were probably significantly less robust than that one.

**CHAIR**—Try American Airlines.

**Mr Murray**—A deal of consideration went into the issue.

**Senator O'BRIEN**—I must say that I have flown on just about every carrier around the country, and certainly I have experienced the Virgin briefing. I have experienced a Jetstar briefing, and frankly I did not see a lot of difference. I know that the door configuration on the Airbus is different, but I also know that there are other operators who operate the 737-800. How many RPT 737-800s are there in the Australian fleet, do we know? Virgin has got 50-odd.

**Mr Murray**—I do not have exact numbers, but I do know that there are two operators operating 737-800s. One thing I would say is that the instrument of direction was issued last year, but the lead time in order to retrain the crew and introduce the new procedures was intended to be brought in over a period of months following that. So in your experience of receiving a Virgin briefing it could well be that if it was any earlier than the earlier part of this year it would have been under the old scheme of things.

**Senator O'BRIEN**—I can assure you I have flown Virgin on a number of occasions since the beginning of this year, and I have been in the exit row on a number of occasions, I think—certainly once or twice. So part of the explanation is because it is difficult for the flight attendant to get to the middle of the aircraft. That briefing will allow for some remote direction to the centre rows to open the door, in the case of an exit.

**Mr Murray**—In an emergency evacuation, the PA megaphones—or, in the absence of those, loud voices—would be to give the order to evacuate. That would be the direction. There would be no specific direction on how to open the door because that would be given in the briefing. It is on a placard on the seat in front, it is on the door itself and it is on the briefing sheet which passengers are required to read during the interactive briefing.

**CHAIR**—It would be fair to say that in the event there would be a fair bit of mayhem anyhow.

**Mr Murray**—It is fair to say—

**CHAIR**—I have often wondered how cool and calm everyone would actually be as the water was lapping up the window and you are asked not to open the door if there is water outside or 'till I tell you'. And if the hostess who is going to tell you is knocked out at the front of the plane, I have often wondered what would actually happen. But hopefully I will never find out.

**Mr Murray**—For example, the modifications to the self-help doors were made as a result of the realities experienced in real landing accidents.

**Senator O'BRIEN**—Providing the mechanism is not damaged.

**CHAIR**—I have often asked the person sitting next to me whether they know where their life belt is. They say, 'It's under the seat,' but I say, 'Try and find it under your seat.' And they cannot find it for five minutes. Anyhow, hopefully that mayhem will never come and visit us. But it will be mayhem.

**Senator O'BRIEN**—So this change, which without a doubt will have an impact on others seeking the same dispensation, was done without any consultation through your standards consultative committee?

**Mr Murray**—That is correct.

**Senator O'BRIEN**—Despite the fact that it would undoubtedly have an impact on the industry in terms of flying that aircraft if not others?

**CHAIR**—It would be a fact, though, wouldn't it, that what is good for the goose would quickly become good for the gander? I mean, if one does it the lot will do it because they will

have to compete with one another. It would be like banking: you use a hole in the wall now because everyone does it.

**Senator O'BRIEN**—It is probably a hundred fewer staff for Virgin.

**Mr Murray**—I think it is worth putting into perspective that there are more Australian passengers flown in and out of Australia by foreign carriers than there are by Australian carriers. You only have to look at the numbers to be able to guess at that. All of the foreign carriers flying in and out of here operate under the one-in-50 rule. Perhaps it puts into perspective the fact that Australians flying overseas and within countries overseas experience ratios of one in 50, which is the way the aircraft is certified.

**Senator O'BRIEN**—Is that one in 50 passengers or one in 50 seats?

**Mr Murray**—It is one in 50 seats on a certification basis, although there are some minor differences in that area. That is what I was alluding to earlier on when I said—

**Senator O'BRIEN**—I thought New Zealand was one in 50 passengers.

**Mr Murray**—If I said it was one in 50 passengers, I apologise. That is the area of minor difference I mentioned earlier; some countries refer to numbers of passengers as opposed to numbers of seats. The worldwide standard is based on certification of seats, I understand.

**CHAIR**—Could you eventually argue that you need only one person at the front with a mike and you do not need any others—bring your own tucker on board, as they do? It is a cultural experience for me to fly American Airlines. They bring the bloody chooks and the luggage and you wonder how it is all going to fit in the cabin. You ask the cabin attendant, 'Where are we flying out of?' and they say, 'I'm not instructed to tell you that.' I have never seen such a bloody shemozzle and I have never seen so much pleasure in my heart as when I got back to get onto Qantas. But eventually, using your argument, you could just have it all done by megaphone from the front.

**Mr Murray**—I do not think that is the case, unless they—

**CHAIR**—But if everyone else wants to do it and you want to have \$55 airfares—

**Mr Murray**—There is an international certification standard, and that standard is the ratio of one in 50.

**CHAIR**—I have had great experience with international certification standards with foot-and-mouth disease; it is not worth a squirt. I think Qantas does a great job; I do not know about the rest of them—and the tucker is all right.

**Senator O'BRIEN**—How long did it take to develop the disallowable instrument?

**Mr Murray**—I do not have the precise dates available, but I believe it was several weeks. The process is that an application will come in, a safety case will be developed over a period of time and the safety case will be submitted. As a result of the safety case, there was referral to the airline and a demonstration of the new procedures. I was not involved personally, but I received appropriate assurances. Then the instrument was produced. The time from the submission of the original safety case to the signing of the instrument would have been several weeks.

**Senator O'BRIEN**—Is CASA considering any other similar approvals?

**Mr Murray**—We have received some applications.

**Senator O'BRIEN**—Who from?

**Mr Murray**—Am I allowed to mention the names?

**Mr Carmody**—I do not see any difficulty in mentioning the operators' names. We have a number.

**Mr Murray**—We have applications in course from Pacific Blue, which is a New Zealand company that holds an Australian AOC, from Jetstar and from Qantas.

**Senator O'BRIEN**—The whole fleet, basically.

**CHAIR**—There you go; I was right. Why am I not surprised!

**Senator STERLE**—We saw that 12 months ago when we were arguing against the harmonisation bill.

**Senator O'BRIEN**—So what the committee was told during the inquiry, about the New Zealand measures not automatically coming in here, was demonstrably wrong.

**Senator STERLE**—The silence is deafening.

**Senator O'BRIEN**—How many flight attendants in the Australian fleet will be made surplus to requirements if all these approvals are given?

**Mr Murray**—I have no idea of whether there would be any surplus, but I am aware at the moment that the rhetorical evidence is that there is a shortage of flight attendants. I was talking to someone as recently as last week who said that there is now an independent flight attendant school which has started in Queensland where individuals are training as flight attendants in order to automatically—well, as automatically as you can—get jobs at the end of it.

**Senator STERLE**—Hoping they will get jobs.

**Senator O'BRIEN**—Like the cruise ship training scheme that operated in Queensland some years ago? You may well be right; they may not be able to fill the positions.

**Mr Murray**—I believe there is a shortage in that area of the industry. I certainly have not heard any suggestion that it is in order to lay people off in any way.

**Proceedings suspended from 10.30 am to 10.47 am**

**Senator O'BRIEN**—Does CASA have an aviation rescue and firefighting service specialist? It does not look like it.

**Mr Murray**—We are established for one, but on retirement of the one officer last year we reviewed the position. The officer was originally based in Brisbane. We reviewed the need for the position. We have broadened the job description to very much cover that area but to make it slightly broader in terms of emergency services in a more general way. We are currently recruiting for an incumbent for that position.

**CHAIR**—What did he do?

**Mr Murray**—Basically he inspected the fire services around Australia. As a single person that was not really practical. However, in the direction we are moving as an organisation,

particularly when we are dealing with operators that have mature systems in place—Airservices Australia are a good example; they run their own internal audit program—it presents an opportunity for us to audit them auditing themselves, where appropriate. Obviously we would conduct a certain amount of product audit as well, looking at the detail. Watching an operator audit itself is very much the place where we would like to be because it puts the onus where it belongs, on the operator, in terms of keeping itself safe.

**CHAIR**—What would a product audit be? Would it be to see the fire extinguisher had something in it?

**Mr Murray**—It is very much that level of detail.

**Senator O'BRIEN**—It would be functionality, suitability, serviceability—

**Mr Murray**—Yes.

**Senator O'BRIEN**—By not replacing a specialist, what cost savings is CASA expecting?

**Mr Murray**—But we are replacing the specialist. It is just that we are recasting the role to be slightly broader, but encompassing the original role.

**Senator O'BRIEN**—What savings will be made by allowing Airservices to self-audit?

**Mr Murray**—None. It is just a more efficient way of overseeing them. It will allow us to do it more effectively rather than having an individual doing the work, watching an organisation that has a quality assurance program in place and auditing that quality assurance program. The current thinking is that product sampling from time to time is very much the best way to monitor whether risks are being managed.

**Senator O'BRIEN**—What does product sampling mean?

**Mr Murray**—Product sampling is getting down in the weeds occasionally. We were down in the weeds all the time with our previous methodology. Earlier on you heard Mr Byron talking about the introduction of the system safety approach across the whole of the organisation; this is another example of the same area.

**Senator O'BRIEN**—Can you tell us about CASA's big day out—BDO, I think it was called by some. It is not a rock concert, I am sure.

**Mr Murray**—The term 'big day out' was a colloquial term in order to suggest the scale of some operational surveillance we conducted last week. On Friday we deployed all inspectors and certain other staff who were available—that is, those who were not on leave or sick—and we conducted operational surveillance across a number of airports and a number of carriers, including the airports themselves, the airlines, some maintenance and air traffic control. It was a data gathering exercise and initial reports are that it was very successful.

**Senator O'BRIEN**—On the big day out instruction, in paragraph 1.3 you say that coordinated surveillance activities that will be conducted at the BDO have been identified in supporting research. What was the supporting research?

**Mr Murray**—Basically it was a data gathering exercise. As you would be aware, when you conduct research you can either start off with a hypothesis that you conduct research to prove or you can go out there to collect data and see what drops out of the data. This was a bit of both, but it was mainly associated with collecting data. The data is due in by tomorrow



from all the inspectors. We have two people in our headquarters who will be spending about a week looking at that data and seeing whether there are any patterns in the findings that emerge. That will allow us to more effectively target our subsequent surveillance. That is the concept.

**Senator O'BRIEN**—Paragraph 2.1.11 says that surveillance teams should refrain from entering aircraft. And 1.1 on the airworthiness worksheet asks inspectors to review the aircraft logbook. Where would that normally be kept?

**Mr Murray**—That part of the instruction was rescinded. The instruction went out on the Wednesday in electronic format and it was realised that there were certain areas on the worksheet which were countermanded by the instruction that covered it—for example, where it should refrain from. The concept was that the aim of the exercise was not to disrupt the travelling public. The last thing we wanted to do was to cause inconvenience to passengers in our data gathering exercise. In light of some of the very short turnarounds, the aim of the exercise was to look at normal operations without unnecessarily disrupting those operations. Obviously, instructing someone to look at a logbook, which is normally kept in the cockpit, would require boarding the aircraft. So, on Thursday, by email, there was an amendment to that instruction suggesting that, where appropriate, the aircraft could be boarded. The same issue was also true of an instruction which would have been associated with the dangerous goods inspector worksheet.

**Senator O'BRIEN**—1.4 talks about the hot topic of fuel reserves. How is the fuel reserve issue addressed in the flying operations worksheet?

**Mr Murray**—I do not have that level of detail. I can get back to you and give you that information.

**Senator O'BRIEN**—I am told that fuel reserves and planned fuel calculations are done during flight planning.

**Mr Murray**—Yes.

**Senator O'BRIEN**—What issues were identified on the day?

**Mr Murray**—It is too early yet. All we can say at this stage is that I spoke personally to the CEOs, the chief operating officers, or the chief pilots of all the airlines that were likely to be involved, and all of the major passenger carriers that morning at very short notice as a courtesy call, to tell them it was going on, but without giving the airlines advance notice, as it were. To an individual, they congratulated the concept and said they supported it. With respect to the initial feedback from our inspectorate, which we got on Friday afternoon between about five and six, my staff had a ring-around, and the feedback from crews was very positive—we ought to be doing more of it, these sorts of concepts. The feedback from passengers was that they were very interested. Obviously, our inspectors were wearing high visibility jackets, and our staff had some handouts for members of the public, explaining what we were doing. The feedback from the public was universally one of acclaim. So that is the level of feedback I have at the moment. In terms of the technical detail, tomorrow is the deadline for that information coming in, and my staff will be analysing it and obviously, depending on the extent of it, will dictate—

**Senator O'BRIEN**—Did the industry receive prior notice of this event?

**Mr Murray**—No. The principals of each of the airlines received between half an hour and an hour's notice on Friday morning, and that was intentional.

**Senator O'BRIEN**—When did CASA staff first learn of it?

**Mr Murray**—The managers were aware that it was happening on a particular day with about—and this is approximate—10 days notice. Conceptually, the senior management group in CASA were aware of the plan a month prior. Individual staff members found out about the specifics, I believe, on the Wednesday prior to the Friday, and we are talking about last week.

**Senator O'BRIEN**—Would that explain how industry ground crew knew about the BDO three days beforehand?

**Mr Murray**—I doubt very much if they would have known three days before, although we fully expected, as a management group, that the moment the information went out to inspectors, it would be widely known. I believe it went to the field offices on the Wednesday. There is an old saying in aviation that there is no such thing as a secret. Obviously, if we tell every inspector in the field, then at that point there is no such thing as a secret. Having said that and having worked for an airline, in practice, with two days notice, what would you do? You would not stack the crews or suddenly change procedures if you were breaking procedures as a matter of norm. So I am not particularly concerned if information leaked out unofficially a couple of days before.

**Senator O'BRIEN**—You wouldn't take a chance on the day, whereas you might on other days, I suppose.

**Mr Murray**—If there is a person there from CASA wearing a badge and a flak jacket with 'Civil Aviation Safety Authority' on it, you probably would not take a chance on that day, even if you just saw them walking across the tarmac. I think, therefore, that the data we do gather will be all the more valid.

**Senator O'BRIEN**—How many inspectors does CASA have covering aerodromes, airworthiness, cabin safety, dangerous goods and flying operations?

**Mr Murray**—Airways and aerodromes has 31 staff. The Brisbane air transport field office has 20. The Melbourne air transport field office has 25. The Sydney air transport field office has 27. Within our headquarters we have a very small number of technical staff but it was a considered decision last year that we would run down the number of technical inspectors in the headquarters and redeploy them to the field. That process is in process as we speak.

**Senator O'BRIEN**—So how many took part in the BDO?

**Mr Murray**—There was a total of 32 inspectors deployed across six airports and 22 carriers—there were some duplications of those carriers. Of the 22, one carrier would be inspected, perhaps, at more than one airport. There were several dozen—I don't have the exact figure—crews and aircraft inspected. Those were the rushed figures that came in on Friday afternoon.

**Senator O'BRIEN**—You are still waiting for some of your report sheets?

**Mr Murray**—I think we are waiting for most of them; at least, at close of business yesterday we were still waiting for most of them.

**Senator O'BRIEN**—Will this be a regular event, the big day out?

**Mr Murray**—Depending on its success. The initial feeling is that it is successful, but obviously that will depend on the type of data and the quality of data. But assuming that it is successful, and I have every reason to believe it will be, then it is intended to be a regular event. Quite how frequent we have not decided, but depending on the quality of data we will make those recommendations to the executive.

**Senator O'BRIEN**—Going back to my question about the cabin staffing issue, you mentioned the airlines that have applied. What aircraft types do those applications relate to?

**Mr Murray**—I do not have the specific information; I have the airlines, as I have mentioned. I have not seen the applications yet, but—

**Senator O'BRIEN**—Do they go to just domestic, or to domestic and international?

**Mr Murray**—I do not know that. I have not seen the applications yet. I would be guessing, so I have no idea.

**Senator O'BRIEN**—How long would it take you to get that information?

**Mr Murray**—It would be very quick to get the information. This information would be based on the application, and I would obviously take advice as to whether I would be able to supply that information based on the application. I would be more than happy to supply the information based on the outcome. Maybe I could take some advice.

**Senator O'BRIEN**—What is the problem? It is going to be considered, as you say, on a safety case. Why shouldn't we know what is in contemplation or in application?

**Mr Murray**—As far as I am concerned you may; I am just taking advice on that.

**Mr Carmody**—I think we will check and see whether we can do that. I just do not know off the top of my head whether any commercial-in-confidence aspects with the individual operators making individual application to us for a decision, which they are doing, and—

**Senator O'BRIEN**—We know the operators who have made the applications. You have told us that.

**Mr Murray**—We have told you who the operators are; we do not have the individual detail of the applications. I think it would be prudent to check.

**Senator O'BRIEN**—I think Jetstar have two aircraft types and Qantas have a number—

**Mr Carmody**—We will check the detail and see whether there are any reasons why we cannot provide it.

**Senator McEWEN**—When are you likely to make a decision on those applications?

**Mr Murray**—When we receive the four safety cases.

**Senator McEWEN**—And when is that likely to be?

**Mr Murray**—I do not know.

**Senator McEWEN**—So they have put in an application for approval—

**Mr Murray**—Usually the way it works is there is a letter of intent. It is a very similar process to the process for varying an AOC, and that is to put in a letter of intent. Usually there is a discussion about the nature of the expectation of the work involved. In other words we would tell the operator our expectation, and then at some point later in the proceedings—and in my experience, not with this issue but with similar issues, it may never emerge—perhaps weeks, months or days later, the operator will supply the case. Then we would assess it over a period of time. That period of assessment would normally involve some dialogue with the operator and quite often some demonstration associated with the fact that they are able to demonstrate the procedures which they are articulating in their safety case.

**Senator McEWEN**—As part of that process do you consult with, for example, the Flight Attendants Association?

**Mr Murray**—The process of consultation is associated with regulatory change. If it is an application for an exemption by an operator then those are not consulted and they never have been, to my knowledge.

**Senator O'BRIEN**—This will be the regulatory change you have when you are not having a regulatory change, apparently.

**Mr Carmody**—I would like to clarify something beforehand. I have been seeking advice on those applications. It would be our preference to go back and ask the operators whether they would have any difficulty in revealing the information that is their commercial information. If they have no difficulty then we have no difficulty in passing it across. That would be our preferred approach. It is a commercial-in-confidence relationship between them and us. They are in the process of putting applications to us.

**Senator O'BRIEN**—It is a regulatory arrangement; it is not a commercial arrangement. They are not buying a service from you; they are seeking you to use the powers granted to you by the parliament. I would hardly call that commercial.

**Mr Carmody**—It is a regulatory issue for us but it may be a commercial issue for them. In terms of the documentation that they are providing, we would prefer to seek their release.

**Senator Johnston**—That is appropriate.

**Senator O'BRIEN**—I would have thought, Minister, that applications potentially affect quite a number of people, not the least of which is the travelling public, and there is a right to know. Given the breadth of the applications, it looks to be basically an industry-wide move.

**Senator Johnston**—The right to know does not necessarily and absolutely preclude the rights of the commercial operators to be a party to the authorisation of the release of information which may be commercial-in-confidence to them or private to them.

**Senator O'BRIEN**—Everyone now knows that all of the operators are making an application. The only real issue is which aircraft. One can make the assumption that the 737-800 is in the frame. One can also assume that it is the Airbus A320 or A340—I have forgotten which it is—which is Jetstar, and Qantas have another.

**Senator Johnston**—Probably one of the most competitive conflicts in the world of commercial aviation today is between those two aircraft.

**Mr Carmody**—At the moment the airlines we have mentioned are making application to us. We have not decided whether to accept those based on the safety cases they are putting forward. Then there is the instrument and the disallowable process. So there is visibility in the process.

**CHAIR**—So the answer is that you will take it on notice.

**Mr Carmody**—Yes.

**Senator STERLE**—Last night all I did was dream about bearings that did not have grease nipples on the housings—

**CHAIR**—I know; whether there is thrust—

**Senator STERLE**—No, thrust is all right; I got the thrust bit. Like you, Chair, I have played with bearings a little in my trucking career too and for the life of me, Mr Vaughan, I am still bamboozled that you could tell us that an aircraft's landing gear did not come down because the specs did not say that the bearing had to be lubricated.

**CHAIR**—The bearing was encased.

**Senator STERLE**—What is wrong with a grease nipple? What does a grease nipple cost?

**CHAIR**—It is in an oil well—it is inside a gearbox arrangement.

**Senator STERLE**—And it dried out?

**CHAIR**—I do not know; it failed. It happens. If you drive around with your foot on the clutch for long enough the thrust bearing on the clutch will do the same.

**Senator STERLE**—Lack of lubrication.

**Senator Johnston**—Are there any questions?

**Senator STERLE**—Yes, there are. I have been dreaming about bearings all night. I just want to correct the record. Mr Byron, I said that I wanted to have a conversation with you off the record; we will do that after this. I just want to clarify my line of questioning so we are both coming from the same angle and are not confused. I ask, firstly: are there differences with regard to safety compliance requirements with respect to the issue of AOCs for passenger charter operations compared with scheduled public passenger operations?

**Mr Byron**—Yes.

**Senator STERLE**—Are there differences in safety compliance requirements even though regular fly-in and fly-out charter operations are very similar to scheduled public passenger route operations?

**Mr Murray**—Yes.

**Senator STERLE**—What are those differences?

**Mr Murray**—There are a significant number of them. I will take that on notice, Senator.

**Senator STERLE**—Okay, if you could, thank you.

**Mr Murray**—I will say that they may have the appearance of being similar to regular public transport, but if in fact they are a closed charter arrangement the individuals who are flying are entering into an arrangement on a regular basis as opposed to tickets being sold on

an ad hoc basis. I think that that is the broad area of difference between a closed charter and a regular public transport operation.

**Senator STERLE**—Thank you. To the best of CASA's knowledge, are there high-capacity passenger aircraft operating in WA under low-capacity AOCs?

**Mr Murray**—Senator, I would like to correct one numerical error which I made yesterday in our conversation about the dividing line between high-capacity and low-capacity RPT. The number in the CAO is actually 38. In practical terms, there are no aircraft around which have a cut-off around that area, so it is either significantly below or significantly above. I apologise for that error; it was an error on my part. To answer your question: to our knowledge, the answer is no.

**CHAIR**—What is a Metroliner?

**Mr Murray**—They vary, but up to about 19.

**CHAIR**—So they are one of these other—

**Mr Murray**—They are low capacity.

**Senator STERLE**—A Brasilia would be a no?

**Mr Murray**—Brasilia, I believe, would be low capacity, yes.

**Senator STERLE**—What about a Dash 8-100?

**Mr Murray**—Again from memory, about 30 seats: low capacity.

**Senator STERLE**—Low for a Dash 8?

**Mr Murray**—The 100 series.

**CHAIR**—Dash 8s are all right, mate!

**Senator Johnston**—Do you want to explain the difference between the 100 series and what he might be used to on a trip to Canberra, for instance.

**Mr Murray**—The 100 series was the original variant of the de Havilland Dash 8. It has been stretched, through the 200, 300 and now 400 series, up to more than double the original seating capacity; different wing, different engines. So even though it is still called the Dash 8 it is quite a different aeroplane in many senses. In fact, on the Sydney-Canberra run, where it is a very popular aeroplane, they very rarely use the smaller variants; they far more usually use the larger variants, the 300 and 400 in particular.

**CHAIR**—When Metroliners have done the freight run for 10,000 hours or whatever in the United States and then come out here—and they have always been a curiosity to me because you always get a window seat—what sorts of checks do they go through for airframe et cetera when they come off that freight role and turn into passenger planes?

**Mr Murray**—Specifically freight to passenger, there is not a significance there; but certainly in bringing the aircraft into the country on the Australian register they go through a significant process, a registration process.

**CHAIR**—You would agree that some of these planes have been old freight jobs?

**Mr Murray**—I do not have that knowledge, but I took from what you said that that was the case. I am aware of aircraft—

**CHAIR**—So they go through a full reclassification into passenger from freight?

**Mr Murray**—I would say it is far more common to move the other way around. In my experience, passenger aircraft moving into the freight role in their later years is a much more common move.

**Senator STERLE**—You would acknowledge, I assume, that in WA there are high-capacity AOCs who have Dash 8s that would all be operated under high capacity. Then there would probably be low-capacity AOC operators, or operators of low capacity, who also have Dash 8s but do not have the same stringent enforcement from CASA. Would that be a fair comment?

**Mr Murray**—The difference between low-capacity oversight and high-capacity oversight is based on the nature of the operation. Probably the single biggest difference is that a high-capacity operator would be expected to have its own intrinsic training and checking organisation, whereas a low-capacity operator would not—the training and checking would be done more on an individual basis. The regulations spell out some significant differences.

**Senator STERLE**—So it would be fair to assume that the high-capacity operators would have extra systems, extra staff, extra compliance, extra surveillance, extra costs. Would it be fair to assume that?

**Mr Murray**—That is probably a fair summation.

**Senator STERLE**—With CASA's announcement of increasing enforcement in operations in Perth, what will the foreseeable future hold for low-capacity operators who are operating those aircraft at a greater disadvantage, not only competitively but for staff and costs?

**Mr Murray**—There is a program within CASA at the moment: we are aware that between the Air Transport Operations Group and the General Aviation Operations Group, and the style and method of oversight provided to different parts of the industry, there is an artificial dividing line which is a little fuzzy, frankly. It is put on a notional weight, being 5,700 kilos. That is traditional. It is based on a standard. In the old days it was quite a clear dividing line: aircraft were much lighter or much heavier. These days quite a lot of aircraft are around that weight, which makes the dividing line a little fuzzy. We have a program in place at the moment—it commenced very recently—where the low-capacity operators, currently overseen by the general aviation group, are migrating into my group. We have identified 19 operators to migrate this year. As part of that progression we will be looking at where our resources are located, looking at redeploying resources on a tactical basis and, as the CEO explained earlier, possibly shoring up a permanent presence in certain areas. We have agreed that Western Australia is one of them. There are other areas in the country where there is also growth and we are looking at a permanent presence in those areas as well.

**Senator STERLE**—Are the 19 operators migrating into your division by choice?

**Mr Murray**—No.

**Senator STERLE**—Are there any from WA?

**Mr Murray**—Yes.

**Senator STERLE**—How many from WA?

**Mr Murray**—I do not have the figures available, but they are operators around the country at the moment.

**Senator STERLE**—Could you take that on notice and provide that information the Senate?

**Mr Murray**—We have not yet told the operators, so I would prefer that, when the decision is made and we have told the operators, we could provide it then.

**Senator STERLE**—When do you hope to have this program in place?

**Mr Murray**—It has started already. We are migrating the operators by a process of desktop audit. We are looking at past performance and that, coupled with geographics and also manpower issues, is dictating the rate at which we move them across and which ones we move first. Obviously there is an element of convenience. The process has started already. The moves will be starting over the next couple of months.

**Senator STERLE**—If we have operators competing on the same routes with the same aircraft type, servicing the same clients and the same towns, I cannot see why there would be two completely different regimes.

**Mr Murray**—If they are operating the same classification of operations then we agree with you, and we are taking steps to address that issue.

**Senator STERLE**—On that, then, I will get the bearings out of my head, and the lack of lubrication. Thank you.

**CHAIR**—Is that it?

**Senator STERLE**—I could keep going but I would be bamboozled.

**Mr Carmody**—Chair, would it be possible to add some detail on a financial matter that Senator O'Brien asked about before?

**CHAIR**—It would.

**Ms Edwards**—To clarify the funding arrangements in the out years, I have the figures here now. If I could start with the appropriation, this year CASA received one-off funding of \$2 million to set up the Office of Airspace Regulation. Being a one-off that ceases from 2007-08 onwards, but it moves down into the income area. The funding continues but it is in a different line. From 2007-08 there is an increase in funding from the air transport safety risk mitigation measure and drug and alcohol testing. Both those continue through to 2009-10 with an increase in 2008-09 for the air transport safety risk mitigation measure, but drug and alcohol drops off in 2010-11. Drug and alcohol is a three-year program; the air transport safety program is for four years.

From the service's point of view, the 2006-07 figure has increased in 2007-08, with ASIC renewals of \$2.8 million. The Office of Airspace Regulation has a service fee of \$2.6 million and there is \$2.2 million for Indonesia. The Office of Airspace Regulation and Indonesia assistance continue for three years and are no longer funded in 2010-11. As I said, it is a matter of ups and downs being combined.



**Mr Mrdak**—I was asked a question in relation to question on notice No. 2269. There seems to be an unacceptable breakdown in our processes for handling this question, and I do apologise. We are now seeking to expedite an answer to that question. We will attempt to have a draft answer with the minister in the next couple of days.

[11.23 am]

#### **Airservices Australia**

**CHAIR**—If you wish to make an opening statement, you may do so—or you may wish to go straight to questions.

**Mr McLean**—We will not make an opening statement, other than to reiterate what we said in the note to you—that is, Greg Russell apologises for not being here, but this occasion coincides with a global meeting of air navigation provider CEOs and he was confident that we could answer your questions.

**CHAIR**—It makes a good boss that can delegate authority!

**Senator O'BRIEN**—Can you provide a description of the role of Airservices in the transport safety assistance to Indonesia package announced in the budget?

**Mr McLean**—We have a longstanding operational contact with Indonesia which stretches back many years through what is known as the Aus-Indo relationship where we meet twice a year with the Indonesian air navigation service providers to discuss operational issues. On the back of that longstanding relationship we have been involved in safety training. We are currently discussing with the Indonesians the training of air traffic controllers. We have also concluded a trial of ADSB with Indonesia this year and we are now discussing a further trial of ADSB.

As a component of the package announced in the budget, we are participating with the other agencies under the coordination of DOTARS in a two-stage program: firstly, to identify the issues and what it is that Indonesia would like further assistance with; and, in conjunction with the other agencies, to build capability. We expect that that building of capability will be along the lines of the assistance that we have been providing for the past few years.

**Senator O'BRIEN**—Has any of that assistance been income raising, or has it been at cost? I am not talking overall; I am talking about individual services.

**Mr McLean**—We have a focus on building relationships with our neighbours, particularly Indonesia, where we have a contiguous flight information region. Aircraft fly to and from Australia through Indonesia. Primarily, the relationship of late has been around developing the ongoing relationship, and most of that activity has been non-commercial.

**Senator O'BRIEN**—Some of it has not been non-commercial, I take it.

**Mr McLean**—In the past some of that activity may have been on a reimbursement basis, but at present most of that activity is non-commercial.

**Senator O'BRIEN**—What sorts of activities are reimbursement based?

**Mr McLean**—We will have to take that on notice.

**Senator O'BRIEN**—Could you let us know what sort of income Airservices has been deriving from its Indonesian work?

**Mr McLean**—Certainly.

**Senator O'BRIEN**—Who has it been with, by the way?

**Mr McLean**—The ATS providers or the DGCA, but I should reiterate that in the past our—

**Senator O'BRIEN**—Could you give us the full name in case we cannot look up what the acronym stands for?

**Mr McLean**—It is the Directorate General of Civil Aviation in Indonesia.

**Senator O'BRIEN**—What do those acronyms you gave us stand for?

**Mr McLean**—Colloquially, AP1 and AP2 are the ATC providers, and the DGCA is the regulator. We have been working with both of those agencies. I reiterate that of late that effort has been in building relationships in the capability of the Indonesian air navigation service providers.

**Senator O'BRIEN**—Is this budget allocation merely going to pay you for something you have been providing at cost?

**Mr McLean**—That is an issue that we will be discussing with the department and the coordinating activity once the exact requirements of the Indonesians are known. Then, together with the other agencies, that will be considered in light of the funding arrangements by the department.

**Senator O'BRIEN**—Do you know what it has been costing Airservices for its work to date?

**Mr McLean**—I will take that on notice and provide it with the other information in relation to commercial revenue.

**Senator O'BRIEN**—I presume it is too early to know what the costs for Airservices will be over the forward estimates.

**Mr McLean**—At this stage, yes.

**Senator O'BRIEN**—So there are no estimates done?

**Mr McLean**—Not at this stage. As Mr Mrdak indicated, there is a party about to proceed to Indonesia to identify the issues and it will be based on that that the activity and costings will be developed.

**Senator O'BRIEN**—In the budget it was estimated that the cost of continuing the subsidy for en route air traffic control charges for regional airlines would be in the order of \$6 million per year under the current eligibility arrangements. Is this an accurate estimate in the opinion of Airservices?

**Mr Mrdak**—That is probably one for us. Those estimates have been developed by the department drawing on information provided by Airservices. That is our estimate based on current levels of take-up of the en route subsidy and current expenditure profiles.

**Senator O'BRIEN**—What would the cost be of extending the subsidy to all RPT operators using aircraft up to 21 tonnes MTOW Australia wide?

**Mr Mrdak**—I will have to take that question on notice. I think the government's policy announcement has been to maintain the current eligibility criteria. I would imagine there would be some significant increase in costs because you would probably start to capture a couple of additional operators. I will see what we have.

**Senator O'BRIEN**—Has Airservices undertaken a review or critique of the document produced by Dick Smith in November 2005 called *Unsafe Skies*?

**Mr McLean**—We have reviewed the document.

**Senator O'BRIEN**—What is Airservices' view of the implication in the document that Australia does not use radar effectively and that our airspace is 'upside down'?

**Mr McLean**—I will ask Mr Harfield to comment on that.

**Mr Harfield**—The claim that we do not use radar appropriately is false. Where we have the capability, we use radar to its extent. We have different ranges of airspace classes that determine different service levels. Where we have maximum radar coverage we have the maximum airspace class. Where we get to the periphery of radar coverage and away from densely populated areas the airspace class dissipates. If you are within radar coverage, a certain level of service is applied to all aircraft, whether that is the control services available in a major capital city or just an information service in a more rural area. The statement that we do not apply it appropriately is incorrect.

**Senator O'BRIEN**—What about the 'upside down' comment?

**Mr Harfield**—The 'upside down' comment is based on the fact that our airspace classification system is applied a little differently from the United States model. Our airspace system has grown up over time and it meets the International Civil Aviation Organisation's requirements. It meets our needs and it is constantly being reviewed, corrected and reformed. However, basing our airspace on 1980s US architecture is probably not the most appropriate analogy to make to our current airspace requirements.

**Senator O'BRIEN**—I understand that Airservices operates air traffic control towers in the United States. Can we get a detailed description of your activities in overseas markets?

**Mr McLean**—We operate five air traffic control towers under what is known as the FAA towers contract provision. Those towers are in Hawaii, Guam and Saipan. They are at Kona, Lihue and Molokai in the Hawaii islands, Saipan, the Northern Mariana Islands and Guam. We provide aerodrome control services at each of those locations.

**Senator O'BRIEN**—What about other countries and other services?

**Mr McLean**—In addition to those services, we provide upper airspace management over the Solomon Islands and Nauru, a message switching system to the Solomon Islands together with an aeronautical information publication amendment service and the aeronautical message switching system to both Nauru and Vanuatu. We are also involved in some activities in the Philippines related to the supply of information and services at Bacolod airport. We provide flight calibration for navigation aids in Singapore and English language training for ATMB

personnel who come to Australia. As I mentioned previously, we have also provided some short-term consultancy services and training—train the trainer courses—in Indonesia.

**Senator O'BRIEN**—So Airservices is an ESL provider?

**Mr McLean**—In aviation English language.

**Senator O'BRIEN**—Is that the same as other English?

**Mr McLean**—The acronyms are a bit longer!

**Senator O'BRIEN**—Are those overseas activities profitable, and what contribution do they make to the income of Airservices over the forward estimates?

**Mr McLean**—For the financial year ending 2006 the other commercial revenue totalled \$35.2 million.

**Senator O'BRIEN**—Is that from overseas?

**Mr McLean**—From other commercial revenue. That includes publication services, which are also domestic services.

**Senator O'BRIEN**—Is that in excess of costs?

**Mr McLean**—No. In 2005, the other commercial revenue was \$29 million—just short of \$30 million—and the profit after tax for 2005-06 was \$2.97 million.

**Senator O'BRIEN**—So it is profitable?

**Mr McLean**—It is profitable, yes.

**Senator O'BRIEN**—There is a benchmark around \$3 million, \$3 million-plus.

**Mr McLean**—Yes.

**Senator O'BRIEN**—Are any circumstances likely to see a decline in that activity or a decline in profitability?

**Mr McLean**—We are not foreshadowing a decline in that activity. In fact, we are increasing our activities offshore to grow the business.

**Senator O'BRIEN**—Are these competitive markets?

**Mr McLean**—They are competitive markets. The board has focused, as previously advised, on the Gulf, China and India. These are very competitive markets.

**Senator O'BRIEN**—In terms of competitive air traffic control services in Australia, how is Australia different to the US?

**Mr McLean**—In the US air traffic control is provided by the Federal Aviation Authority. They have the ability through the Contract Tower Program to contract out to third-party providers the provision of aerodrome control. As I mentioned previously, we provide five of those. In Australia, the provision of aerodrome control is contestable, although there are no other competitors in the market. We are the sole provider of the remaining air traffic control services, en route service and approach service.

**Senator O'BRIEN**—Indeed, the connection of those services would make it very difficult for a competitor to be a safe, effective competitor.

**Mr McLean**—Aerodrome services are contestable. There are a number of other countries around the globe where aerodrome control is provided by third-party agencies different from the national provider.

**Senator O'BRIEN**—But how would that work in Australia, given CASA's role at aerodrome and air space level?

**Mr McLean**—The providers would need to be certificated by CASA, as we are—part 172 certification—and, having received that certification, then apply to provide the aerodrome control service at particular locations. Although it is policy, the mechanism to do so is a little unclear at this stage.

**Senator O'BRIEN**—Indeed, Airservices is working with the Air Force in relation to air traffic control services or tower services that it provides at the moment. How is that proceeding?

**Mr McLean**—Under the Genesis program we are cooperating closely with Defence. The vision, if you like, is for one service in the future. But we recognise that it is an incremental process. At the moment the Pearce approach service is provided from our Perth air traffic control service. We are talking about the integration of other services in the future. Those discussions are progressing well.

**Senator O'BRIEN**—So that is going in the other direction from introducing more providers. It is actually heading towards a single provider.

**Mr McLean**—It is heading towards a single service for all users.

**Senator O'BRIEN**—And consistency is important in aviation services, isn't it, for safety reasons?

**Mr McLean**—Application of the regulations is vital, and that requires consistency.

**Senator O'BRIEN**—A consistent approach across the network.

**Mr McLean**—Yes.

**Senator O'BRIEN**—Can you describe the process and powers available to Airservices Australia when it comes to building new towers on or off airport land?

**Mr McLean**—As part of the requirement to provide an aerodrome control service, part 172, we require an air traffic control tower, which we currently have at all the aerodromes where we provide an aerodrome control service. As you are probably aware, a number of those towers are in the planning stages for replacement. At this stage we are developing the proposals, subject to approval by the Public Works Committee, for the expenditure for the rebuild of a number of towers. The process is that we select a location which suits the air traffic control requirements. It may be on land that we currently lease or it may be that we need to talk to the airport owner—or, in fact, neighbours of the airport—for a good location. Provided that location complies with CASA's regulatory requirements for the siting of towers, and CASA has a role in approving the site of the tower, then we will negotiate with the airport owner or the landowner for the construction of the tower.

**Senator O'BRIEN**—Can they refuse access to the site you want?

**Mr McLean**—The discussions with airports have been beneficial in that the airports have other requirements for some of the land on their airports, but generally we are able to. We are still discussing the rebuild of a number of towers, but we consider that we will be able to reach agreement on a satisfactory site which suits both the needs of the airport and us.

**Senator O'BRIEN**—The question was: if you cannot agree have you got the power to acquire the site or acquire access?

**Mr Mrdak**—If we got to that situation where the parties were not able to agree then obviously if it was one of the leased federal airports that would be something the department would become involved in. There are requirements in the existing airport leases in relation to the provision of facilities for Commonwealth departments and agencies. We would obviously see if we could negotiate a package. Obviously, for all of these airports, it would be in their interests to have an updated ATS facility. That would be something we would discuss.

**Senator O'BRIEN**—Yes, but if they said, 'That's the site we want for a big box development'—just to throw in a commercial issue—'and we don't want it there,' what happens? That is the question. Whose will prevail?

**Mr Mrdak**—At the end of the day, and we have not reached that in any situation, I think from the department's perspective we would argue that the lease requirements for an operating airport would prevail. If the view of the air traffic services provider and the Civil Aviation Safety Authority was that that particular location was necessary for the provision of an air traffic control service, we would be making it clear to the airport that that is the location which should be provided for that purpose.

**Senator O'BRIEN**—At this stage no such problems have arisen, obviously.

**Mr Mrdak**—No such problems have arisen.

**Mr Dudley**—We have an extensive consultation program as part of this ongoing process, both with the airport operators and with the airlines. So it is a fairly holistic process of consultation in which siting is just one of the issues. That is a process that follows each part of our tendering, siting and eventually the contract letting for the actually build component as well.

**Mr Mrdak**—At the end of the day, if we ever reached a situation—which I do not think we would—where an airport felt there was an alternative development they wanted to put on that site, the Commonwealth has the regulatory powers through its building control and planning powers to deny developments. That would be a situation which I think we would all seek to avoid, but at the end of the day the regulatory powers would be there or could be put in place.

**Senator O'BRIEN**—Thank you for that. In an effort to maximise cost effectiveness, some aviation rescue and firefighting locations currently provide off-aerodrome alarm monitoring and response to buildings without a dedicated response vehicle and crew. Is this practice contrary to CASA regulations?

**Mr McLean**—No. At each of our locations we have a minimum regulatory requirement prescribed by CASA. These services are offered without decreasing our ability to meet the regulatory requirement.

**Senator O'BRIEN**—What are the cost benefits of this practice?

**Mr McLean**—The benefit to the airport operators is that they have a service readily available at the airport. For us, the vehicles remain within the CASA response time largely, so the cost is negligible and we provide a service to the airport.

**Senator O'BRIEN**—What does it save you in costs, if anything?

**Mr McLean**—I do not expect that there would be any saving in costs.

**Senator O'BRIEN**—What is the rationale behind the Airservices ARFF proposal to remove CASR 139H MOS and make the CASR regulations less prescriptive?

**Mr McLean**—At the moment the regulatory requirements are fairly rigid. I will ask Jason Harfield, the safety manager, to respond to that.

**Mr Harfield**—The regulations were initially written in the first cut of the CASA regulatory reform. They were very prescriptive regulations; they went down to what colour the fire truck would be—signal red rather than the high-visibility type colour. We propose to rewrite the regulations into a more safety outcome and risk based type approach, actually defining what outcomes we are trying to achieve rather than going down to what colour the fire truck is. For example, we would be looking at which is the best colour to have the fire truck so that it has a more visible colour.

**Senator O'BRIEN**—I take it that there are no cost benefits in that proposal.

**Mr Harfield**—There may be some cost benefit because it may mean that we are able to utilise certain aspects of it. For example, at the moment each fire station has to have a hot-fire training ground, and where we have got facilities such as at Avalon and Melbourne we may be able to use a joint training ground. There is a prescriptive requirement that you have to have gyms and activity rooms, and we may be able to do it in a much more efficient way which may give us some sort of cost benefit without having just to comply with the current prescriptive regulation. You still achieve the same outcome but maybe in a more efficient way.

**Senator O'BRIEN**—Is the aviation rescue and firefighting service proposing to lower the qualification level for officers in charge of a team of firefighters?

**Mr Harfield**—I will have to take that on notice. There are some proposals to modify some of the qualifications with regard to cert IV qualifications, but I do not have the details in front of me.

**Senator O'BRIEN**—Could you take that on notice and let us know what the cost benefits are of that proposal. Have any savings been identified by keeping ARFF units advertised two categories below that of the highest category aircraft operating at aerodromes?

**Mr Harfield**—Could you repeat the question? I am not sure what you are asking.

**Senator O'BRIEN**—I am asking whether keeping ARFF units two categories below the highest category aircraft operating at aerodromes leads to identifiable savings?

**Mr Harfield**—I would have to do some further research into your question so I will take it on notice. There are some remission issues that we have—for example, an operator may fly in a higher category aircraft and we are not normally equipped for that aircraft, so there is a lag time in bringing up the category.

We had a recent situation in Alice Springs where we have been below category on the basis that a certain aircraft type was to be withdrawn. However, that has not come to fruition, so the category has been brought up to the correct category. But in the instance you are talking about—being two categories down—I am not sure what that is about so we will need to investigate to find out if there is anything there.

**Senator O'BRIEN**—While you are taking that on notice, I want to find out whether the service is not wishing to or it is just not complying with obligations under the act and that it performs its functions consistent with our Chicago convention obligations.

**Mr Harfield**—I make the iteration now that we would not be below category or not complying with the regulations on a cost initiative. We are required to comply and meet the required standards under our certification process, so it would not be for a cost reason.

**Senator O'BRIEN**—What funding has been allocated to ensure that there will be suitable equipment and staffing for ARFF units for the arrival of category 10—the A380—aircraft into Australia.

**Mr Harfield**—We will provide further detail, but the areas where we are expecting the A380 to attend, such as Sydney, Brisbane, Melbourne and eventually Perth in the longer term, have been part of the pricing initiative and policy being put forward. That was taken into account because we have to bring on extra vehicles to come up to category 10. It was a part of our current pricing policy.

**Senator O'BRIEN**—What arrangements have been negotiated with the RAAF for category 9 coverage at ARFF locations that will accommodate the new A380 multipurpose transport tankers and the Globemaster C17 transport aircraft, which is category 8?

**Mr Harfield**—That is a question for Defence. However, we will take that on notice.

**Senator O'BRIEN**—Have Airservices signed an MOU for fire services with the RAAF?

**Mr Harfield**—Not to my knowledge.

**Senator O'BRIEN**—Is that under negotiation?

**Mr Harfield**—Part of the Genesis program is looking at a joint capability for ARFF. Our initial focus is the ARFF services at Williamtown aerodrome, where there are civil operations as military operations, but that is still being discussed.

**Senator O'BRIEN**—That is in train rather than in practice—is that what you are saying?

**Mr Harfield**—That is in train, yes.

**Senator O'BRIEN**—And services are not currently provided to RAAF by Airservices except at Williamtown?

**Mr Dudley**—We provide ARFF services at Defence or joint user airports such as Darwin and Townsville. At Townsville we have an a letter of agreement (LOA) with Defence for the provision of a fire service at that location. We are in discussions with RAAF regarding a future fire service provision at Williamtown, as we do from time to time at other locations.

**Senator O'BRIEN**—In relation to the removal of reserve firefighting and technical officer vehicles, what was the cost saving?



**Mr McLean**—We will have to take that on notice.

**Senator O'BRIEN**—Has the removal of these vehicles led to greater wear and tear on operational fire vehicles being used for minor tasks?

**Mr McLean**—We will take that on notice as well. This also involves the replacement of a number of vehicles which we have purchased over the last two years, so I will take that on notice and provide a comprehensive answer.

**Senator O'BRIEN**—How many general managers has the ARFF had in the past three years?

**Mr McLean**—Three years ago the ARFF was part of airport services, and the general manager was responsible for both ARFF and aerodrome control towers. In November 2005 the organisation was restructured and a general manager, ARFF, was appointed—specifically for ARFF at that point—and then two months ago, although the structure for ARFF did not change, another general manager was appointed to supersede the previous general manager, who moved to a financial role. Three is the answer.

**Senator O'BRIEN**—What about other senior management movement? Has there been much movement there in ARFF?

**Mr McLean**—ARFF have been reviewing their capability requirements and focusing on future requirements, and there have been a number of changes in both the structure and the people in ARFF in the last 18 months.

**Senator O'BRIEN**—Does that mean there have been redundancies or have people just left?

**Mr McLean**—I will take that on notice—I think it is a combination of both.

**Senator O'BRIEN**—Is the ARFF senior management structure of trained fire fighting professionals being replaced by non-fire fighting service managers?

**Mr McLean**—As I mentioned, the management roles of the ARFF are being reviewed and in some of those roles it has been deemed that specific knowledge and experience of ARFF is not a core requirement, and some of those managers have a mixture of capabilities appropriate to the role.

**Senator O'BRIEN**—How is morale in the fire fighting and rescue area?

**Mr McLean**—To my knowledge it is good.

**Senator O'BRIEN**—Would you be well aware if it was not?

**Mr McLean**—We carry out a staff survey every year and last year's staff survey indicated that the morale—and how do you judge morale?—as measured by the percentage of those who feel committed to and engaged with the organisation is good.

**Mr Harfield**—I can add to that. Part of the role of general manager is to get out and about and deal with the staff. As part of my role in dealing with the safety management part of the business, I have recently been on a tour around our organisation meeting staff and spending time, particularly with the ARFF, and I can support Mr McLean's assertion that morale in

ARFF is high. That is not to say that there are not a number of issues and concerns that they would like addressed and dealt with but I would not say that their morale is low.

**Senator O'BRIEN**—Are there appropriate environmental safeguards at Rockhampton airport ARFF training ground?

**Mr McLean**—We will have to take that question on notice.

**Senator O'BRIEN**—While you are doing that, can you let us know whether there is seepage of kerosene and foam into the surrounding environment?

**Mr McLean**—We will take that on notice.

**Senator O'BRIEN**—Is it fair to say that there are no training grounds at Avalon, Hamilton Island and Maroochydore airports?

**Mr Harfield**—That is correct. We have an exemption under the regulations with regard to Avalon. I think it is the same with Hamilton Island. Maroochydore is still under discussion with CASA. Except for Hamilton Island, we have hot fire training grounds in relatively near locations such as Brisbane and Melbourne, so we are able to meet the certification requirements of the use of hot fire training grounds.

**Senator O'BRIEN**—That would be where the cost savings would be made.

**Mr Harfield**—I would not necessarily call them cost savings. For example, with Avalon and Melbourne some cost savings could be made with more efficient use, having one fire training ground rather than two. One of the issues we need to take into account for each hot fire training ground is associated environmental impacts. Having a minimal number of hot fire training grounds is better for the environment as well. The ongoing benefit may be a cost saving. However, we still have to meet certification requirements of our firefighters.

**Senator O'BRIEN**—I believe the ARFF purchased a vehicle simulator. What is that for?

**Mr McLean**—That is the mark 8 vehicle simulator. It is to familiarise drivers with the controls of the vehicle prior to them driving the real vehicle, to make training more effective in the early stages.

**Senator O'BRIEN**—How much did that simulator cost?

**Mr McLean**—We will have to take that on notice.

**Senator O'BRIEN**—Have further upgrades of the ARFF's vector command system been budgeted for?

**Mr McLean**—I will have to take that on notice.

**Senator O'BRIEN**—What is the budget for providing training of dedicated operators?

**Mr McLean**—I will take that question on notice as well.

**Senator O'BRIEN**—I believe that Delta fire services has been approved as an ARFF provider. Do you know what experience Delta has in the provision of aviation fire services at level 1 airports?

**Mr Mrdak**—I think that is a question for CASA. I am not familiar with that and I do not think any Airservices officers are either. The company has been added to the list of parties. It

now has to go through the certification process. To be accredited, one of the things it would demonstrate to CASA is its level of expertise and experience.

**Senator O'BRIEN**—Does Airservices ARFF provide ARFF services to the RAAF at Townsville? I think you said they do.

**Mr Dudley**—Yes, I did.

**Senator O'BRIEN**—Is there a long-term contract?

**Mr Dudley**—We have a contract. The end date of that contract I would have to take on notice.

**Senator O'BRIEN**—Has the Airservices board been directed not to contest contracts for provision of ARFF services at Townsville?

**Mr Dudley**—Not to my knowledge.

**Senator O'BRIEN**—Have ARFF assets been transferred to Delta fire services?

**Mr Dudley**—Not that I am aware of. We would not be able to provide the service currently if that were the case.

**Senator O'BRIEN**—That is a good point—unless you had surplus.

**Mr Dudley**—I am not aware we have surplus materials to provide an alternative.

**Senator O'BRIEN**—Getting rid of your old second-hand equipment, are you?

**Mr Dudley**—We have investigated the use of some of that equipment at other locations. For example, some Pacific islands nations have been recipients in the past of some of our older fire vehicles as we have replaced them with newer vehicles.

**Senator O'BRIEN**—Are you going to send one to Christmas Island?

**Mr Dudley**—I would have to take that on notice.

**Senator O'BRIEN**—That might be good. That is all I have for Airservices. Thank you.

**Mr Mrdak**—If I may: Senator O'Brien asked a question in relation to cost estimates on the en route subsidy scheme. The department has done an estimate of the cost of extending the Enroute Charges Rebate Scheme to RPT aircraft up to 21 tonnes MTOW. Our estimate would be that that would be an additional \$4.5 million per year in cost.

**Senator O'BRIEN**—Thank you for that.

[12.05 pm]

### **Inspector of Transport Security**

**CHAIR**—Welcome. If you would like to make an opening statement, you can. If you do not want to, we will see what happens.

**Mr Palmer**—I did not intend to make an opening statement.

**Senator O'BRIEN**—I was hoping you would. To date, what has the Inspector of Transport Security been tasked to inquire into?

**Mr Palmer**—The surface transport security assessment of last year commenced in 2005 and was finished with a presentation by me to a special meeting of the Australian Transport

Council on 28 February in Canberra. It was the review that I have explained before which included an international benchmarking exercise of best practice operations in surface transport. That is essentially rail, bus, ferries and trams, where they occur. I am presently engaged in follow-up meetings with the key states on the recommendations arising from that report. I briefed New South Wales on 2 May this year and I am due to brief Victorian representatives, both government and private, on 7 and 8 June and to do the same in Queensland on 14 and 15 June.

In the early part of this year I conducted an aviation related review at Sydney domestic airport as a result of an alleged security breach that turned out to be one. That report has been submitted to the minister.

**Senator O'BRIEN**—Open gates?

**Mr Palmer**—No open gates.

**Senator O'BRIEN**—Not when you were there.

**Mr Palmer**—Not while I was there, no; no gates that I noticed. That report went to the minister on 1 March, from memory, and I understand that has since been circulated to the key operators involved in the process.

**Senator O'BRIEN**—Since your appointment as Inspector of Transport Security, what foreign agencies have you met with to discuss transport security matters?

**Mr Palmer**—I would have to take that on notice; a lot would be the answer. The details of those agencies are contained in my report of the surface transport security assessment, but I can nominate the countries we went to if you would like me to do that now.

**Senator O'BRIEN**—If it is contained in that report—

**Mr Palmer**—The details are contained in the report.

**Senator O'BRIEN**—How would you describe the general tenor of those meetings, and what sorts of subjects were discussed?

**Mr Palmer**—Without exception, all the meetings were highly cooperative. Discussion and dialogue was very open; there was a very trusting and inclusive sort of environment. We got to meet almost everybody we sought to meet. We met high-level representatives in every country to which we went, and there was a very collective approach to learning lessons from each other—recognition, I think, that this is obviously a business in progress for everybody and, unless we continue to learn from each other and exercise continuous review and assessment of our present arrangements, we are going to get left behind.

**Senator O'BRIEN**—How many staff generally accompany you on foreign visits?

**Mr Palmer**—The only direct staff from my office was Mr Pearsall, the director of my office. On the first trip to Europe one other member of our office came, a young woman, Pia Davis. Otherwise, they were state representatives of the transport security working group. The membership varied according to the various trips we made overseas. The only other person who accompanied us was a private bus company owner, and the federal government met the expenses of his airfares.

**Senator O'BRIEN**—Are you saying that Mr Pearsall is the only staff member you have now?

**Mr Palmer**—The only permanent staff member.

**Senator O'BRIEN**—Okay. So you engage sessional staff as required.

**Mr Palmer**—As needed.

**Senator O'BRIEN**—Have you identified transport security areas that are deserving of further research?

**Mr Palmer**—There have been general discussions about areas that perhaps are relevant for consideration. Obviously, it is not for me to identify where I think I should be working, but rather for people closer to the industry to be identifying points of weakness, points of vulnerability, points of concern, areas of concern. Obviously, whatever future task I am given will be a matter for the minister's decision and direction. Obviously, we have had ongoing discussions about maritime aviation and surface transport in terms of areas that are possible for consideration in the future.

**Senator O'BRIEN**—How does your role swing into effect if there is a transport security incident?

**Mr Palmer**—If the incident is aviation or mainline maritime, it is by direction of the minister. If it is a surface transport security incident, it is also by direction of the minister but ordinarily would follow a request from the state minister concerned or the state government in the state in which the incident occurs.

**Senator O'BRIEN**—So you don't self-initiate in any case?

**Mr Palmer**—No. I have no own-motion capacity.

**Senator O'BRIEN**—What is the overall budget for you and your office?

**Mr Palmer**—There is a standing budget initially of \$400,000 per annum on the basis that, should an incident occur and we were activated in a fairly full way, we would be supplemented. As a result of the surface transport assessment—by way of an example of that—we have been supplemented this financial year an extra \$200,000; so our budget for this year is \$600,000.

**Senator O'BRIEN**—That is 2006-07?

**Mr Palmer**—Yes, 2006-07. We will just about expend that total budget by the end of this financial year—subject to there not being another incident. If there was another incident of any size, we would probably need further supplementation.

**Senator O'BRIEN**—So how many days have you been engaged this financial year?

**Mr Palmer**—This financial year I have claimed a fraction under 77 days, but I am in daily contact with the office and generally work an hour or two most days in terms of ongoing assessments and administration. But I formally claimed 76.87 days. I am not sure how we get to 87.

**Senator O'BRIEN**—I was going to ask you that.

**Mr Palmer**—An hourly rate.

**Senator O'BRIEN**—It must have been a seven-hour day, that one. I won't ask you if it was a long lunch.

**Mr Palmer**—No long lunches—lots of long days.

**Senator O'BRIEN**—What is the cost in terms of staffing and office accommodation?

**Mr Palmer**—The overall staffing cost for this financial year is \$419,640. We spent \$67,082 on domestic travel and \$28,530 on international travel. Training and conferences have accounted for \$4,749. The overall office operating costs are \$31,769. This is a total expenditure of \$550,804. Some of the staffing costs were for work done in the previous financial year but were paid, for me particularly, this year.

**Senator O'BRIEN**—So your payment is included in the \$419,000.

**Mr Palmer**—Mine is included in the \$419,000.

**Senator O'BRIEN**—That is all I have; thank you.

[12.15 pm]

#### **Office of Transport Security**

**Senator O'BRIEN**—Welcome to the growth sector of the department, if not the Public Service! How many officers currently work in the Office of Transport Security? Can I get a breakdown of the tasks for aviation and maritime security matters in terms of numbers?

**Mr Retter**—The total number of staff within the Office of Transport Security in terms of public servants is approximately 330. I will provide the breakdown for you by sector. I will do the mathematics while we are talking. At the moment we have 129 staff across the jurisdictions—that is, in the regions—and just under 200 in Canberra. I will now work out the calculations for you for aviation and maritime.

**Senator O'BRIEN**—Apart from those categories are there other identifiable categories in the workforce profile?

**Mr Retter**—Yes. I believe that a better breakdown would be to give you the numbers that are working in the surface transport area, the supply chain, the cargo area, the identity area and then maritime and aviation. If I give you those elements it might be a more fulsome list. We will try to calculate those as we go.

**Senator O'BRIEN**—The document previously available on the department of transport website stated that terrorist attacks have targeted trains and rail tracks as well as other supporting infrastructure, such as bridges, tunnels, electrical supply and control systems. It stated that attacks do not need to be sophisticated to be deadly and the difficulty in securing the widely dispersed rail infrastructure means that extremists can have a disproportionate effect on the wider community by targeting this infrastructure. Can you explain the role that the Office of Transport Security plays in the protection of critical infrastructure? I take it that your surface transport and supply chain areas would be involved.

**Mr Tongue**—It is principally surface transport. We have negotiated with the states and territories an intergovernmental agreement on surface transport security. I chair a group that Mr Palmer referred to—the Transport Security Working Group—which includes representatives from each of the states and territories. We report to SCOT—the standing

committee on transport—and that then reports to transport ministers. That intergovernmental agreement spells out the roles and responsibilities of the federal government and the states and territories. The Transport Security Working Group has a work program, some of which has recently been informed by Mr Palmer's surface transport security assessment about the sorts of areas we should look at. We also have a connection with the National Counter-Terrorism Committee because I also sit on the National Counter-Terrorism Committee. We link up what the National Counter-Terrorism Committee and the Transport Security Working Group are doing. We have found from our own studies of events overseas, and also Mr Palmer's work, that surface transport security includes both the transport operators and the state government agencies responsible for that, as well as police, emergency services and others. So there is a significant coordination task at a state government level.

**Senator O'BRIEN**—Is coordination the main task?

**Mr Tongue**—For the states and territories. The general principle that we work to in all of critical infrastructure protection across all the sectors is that the owners and operators of critical infrastructure are responsible for the protective security arrangements. For surface transport, that is largely but not solely state governments. There are also private sector players; hence, on Mr Palmer's assessment, a private bus operator went with Mr Palmer in his work. But the key funding regulation role around surface transport rests around state governments.

**Senator O'BRIEN**—Critical infrastructure is not really your responsibility?

**Mr Tongue**—We are in an unusual position. Because of international concern about maritime and aviation transport, those sectors are now regulated. They are classed as critical infrastructure, but because of those international regimes we have a much more direct and close relationship in those sectors. Surface transport, because it has been a focus for attack as well, also receives a higher degree of attention from, say, state government than some of the other critical infrastructure sectors.

**Senator O'BRIEN**—But power stations, dams, those sorts of things?

**Mr Tongue**—They are covered by the Attorney-General's Department under a critical infrastructure protection arrangement that has been funded. Each of the key sectors has what is known as a trusted information sharing network, a TISN, that draws together the key operators of those facilities. Basically, that is sharing information on the nature of threats and risks and working with operators to mitigate, but not going as far as the body of regulation that we have in the transport sector.

**Senator O'BRIEN**—What costs has the department incurred in administering the maritime security plan legislation? Are you able to give us some idea of your annual costs?

**Mr Tongue**—We will have to take that on notice.

**Senator O'BRIEN**—And for the maritime security guards legislation as well.

**Mr Tongue**—We will have to route that into that one.

**Senator O'BRIEN**—What administrative costs are incurred in relation to the administration of the MSIC?

**Mr Tongue**—I will have to take that on notice.

**Senator O'BRIEN**—In that regard, you might be aware of an article in the *Weekend Australian* on 19 May by Michael McKenna which claims that 28 workers have failed the ports security test. Is that the right number?

**Mr Tongue**—I will ask Ms Johnson to handle that.

**Ms Johnson**—Sixty-four applications have been refused and amongst those some have exercised their appeal rights, and the end number is in fact 28.

**Senator O'BRIEN**—Does that mean there were 64 appeals?

**Ms Johnson**—No. When MSIC background checks were first assessed, 64 applications were refused. Of those, 38 appealed to the secretary. Twenty-nine of those were approved. Two were issued with a conditional and two are currently still under review.

**Senator O'BRIEN**—Without specifics, can you give us a brief idea of why workers were denied MSICs?

**Ms Johnson**—Ninety per cent of the workers have no criminal record; it is important to note that. Of the 10 per cent who do, the majority of offences relate to motor vehicle regulatory offences, dangerous and negligent acts involving people, and public order offences.

**Senator O'BRIEN**—Of those who were denied MSICs and whose appeal failed, what would the criteria have been?

**Ms Johnson**—It is predominantly drug related.

**Senator O'BRIEN**—Does that mean predominantly trading in rather than using?

**Ms Johnson**—Trading, yes.

**Mr Tongue**—What might be called the high end of drug related offences, Senator.

**Senator O'BRIEN**—Trading in drugs at the high end.

**Mr Tongue**—Yes.

**Ms Johnson**—They are trafficable quantities.

**Senator O'BRIEN**—Any particular drugs or just drugs generally?

**Ms Johnson**—Drugs generally.

**Senator O'BRIEN**—Have any foreign workers applied for MSICs?

**Ms Johnson**—Yes, they have.

**Senator O'BRIEN**—Does that mean they would be permanent residents or temporary residents on temporary visas or—

**Ms Johnson**—I will have to defer to Mr Kilner on that one.

**Mr Kilner**—All foreign workers who are resident in Australia and who have passed the immigration right to work test as part of the process. We do not go further and look at the type of visa arrangement or the length of time but they have all been given the right to work under the immigration test.

**Senator O'BRIEN**—So you do not know whether it is a 457 visa category?



**Mr Kilner**—No. For example, New Zealand workers have a particular right to work in Australia as well, which is why it is difficult to then go through and look at the nature of visas for all of them.

**Senator O'BRIEN**—The International Transport Workers Federation were concerned that they are unable to gain access to international seafarers while ships are berthed at Pilbara Iron Ore's iron ore terminal in Australia's North-West. Is it the spirit of the ISPS code relating to access to ships for representatives of seafarers, welfare and of labour organisations clarified in the code and in subsequent IMO circulars that these representatives can have access through port facilities to international seafarers?

**Mr Kilner**—The ISPS code and our legislation recognise the rights of people to access ships. However, the department, neither through the act nor through the ISPS code, regulates who may visit the ship or port facility or why they may visit. Predominantly, our interest is in controlling access to the ships and the port facilities, particularly in ensuring that security arrangements are implemented such as measures to prevent unauthorised access or to prevent the carriage of weapons inside maritime security zones.

The security plans provide for people to be authorised to gain access to ships but, in the case of foreign ships, effectively the master of the ship needs to grant permission for someone to board the vessel. In these particular instances either the master will have refused access or alternative arrangements will have been put in place for visitors to meet with a ship's crew. It may not be on the ship; it may be through the arrangements of other facilities provided outside the maritime security zone. Each of the maritime security plans provides a process for that, but we are not in the business of regulating who may visit a ship or why they may visit. It does not confer an automatic right of access through port facilities for visitors to ships.

**Senator O'BRIEN**—Would the omission of the word 'ship' in the MTO act, regulation 3.125(1)(m), change the intent of the clause, making it then different from that of the ISPS part A, section 16.3.15?

**Mr Kilner**—Yes, there is a slight difference between the words contained in the ISPS code and the words contained within the act. The words 'to ships' do not appear within the act under that particular clause you mentioned. That was a deliberate intention back in October 2003 through to 2004 as we prepared the legislation.

The key issue here is that we are interested in the security outcome. I understand the efforts of the ITF in trying to ensure that they can gain access to ships for welfare and other reasons and to make sure that the interests of foreign seafarers are taken into account, but primarily the act is about a security outcome. Back in 2003-04 we recognised that other arrangements could be put in place which enabled visitors to talk with a ship's crew without necessarily having to gain access through a facility or onto a ship.

**Senator O'BRIEN**—Theoretically that is true; in practice in many cases it is not, because of arrangements onboard a vessel and the control of the crew by the master. We have deliberately set ourselves apart from the ISPS code in the legislation; that is what you are telling us, is it?

**Mr Kilner**—There are a number of places within the act where we have not copied the ISPS code to the letter. There are also elements in the act which go much further than the

ISPS code. That has been a judgement of government through consultation with industry and others in determining the construct of the act and the security regime for Australia.

**Senator O'BRIEN**—I believe that the ITF wrote to the department in April with a copy of a letter from Rio Tinto suggesting that the ISPS code does not provide a provision for the rights of employee organisations to access seafarers. That is not the department's view, is it, of the ISPS code?

**Mr Kilner**—You have already quoted the relevant section in the ISPS code, 16.3.15, which says that a plan must address at least the following:

... the procedures for facilitating shore leave for ship's personnel or personnel changes, as well as access of visitors to the ship including representatives of seafarers' welfare and labour organizations.

**Senator O'BRIEN**—The ITF claim there are in excess of 25,000 seafarers visiting these berths every year on more than 1,000 bulk iron ore ships, providing a fundamental plank for the resources boom. Would you contest those figures?

**Mr Kilner**—No.

**Senator O'BRIEN**—What facilities are available for seafarers on shore leave? Is there a town nearby?

**Mr Kilner**—There are a range of ports, particularly along the Western Australian coast. There are a number of towns nearby.

**Senator O'BRIEN**—I am talking about the Pilbara.

**Mr Kilner**—I am not aware of the particular arrangements that have been put in place to provide welfare access for seafarers to the town.

**Senator O'BRIEN**—I am told that seafarers can access shore leave and welfare services if they go to Karratha, which is 90 miles from the Pilbara port—140 kilometres away. Whilst I understand that security plans for ports are confidential, can the department confirm that when auditing security plans, particularly in our large export ports like Cape Lambert, Dampier, Port Hedland and Newcastle, access provisions are in place?

**Mr Kilner**—We audit the plan against the act—one of the requirements is with regard to that—to make sure that there are provisions provided within the plan for that. That is audited.

**Senator O'BRIEN**—So you are able to confirm that?

**Mr Kilner**—Yes. As I said, the plans are audited. There is a requirement for that part in the plan, and it is contained within the act.

**Senator O'BRIEN**—Because the word 'ship' has been deliberately excluded from regulations, I take it that the department is not proposing to reconsider that exclusion?

**Mr Kilner**—There are no plans at this stage to change that particular regulation.

**Senator O'BRIEN**—The National Counter-Terrorism Committee was due to report to COAG in 2006 on the progress of implementing measures relating to security of land transport. Has that report been tabled or published?

**Mr Tongue**—My recollection is that we have reported back because post the events of London in 2005 a number of recommendations went to COAG. From my recollection we had

to report back on that implementation. Part of that report back to NCTC highlighted the existence of Mr Palmer's exercise and that some of what COAG wanted us to do would be addressed by Mr Palmer. So my recollection is that a report has been tabled to NCTC.

**Senator O'BRIEN**—Would there be an intention to publish further?

**Mr Tongue**—We are always cautious about circulating those sorts of documents more widely. There is no intention at this stage to take it more broadly.

**Senator O'BRIEN**—Obviously, COAG have been considering this matter and they have agreed to:

... build on existing transport security arrangements ... to:

- further develop and implement technological and other solutions;
- broaden the capacity of transport operators, their staff and the public to contribute to the security of surface transport;
- facilitate incident planning and preparation by operators; and
- support an integrated approach to transport precinct security.

What technology and other solutions have actually been developed and implemented in the existing transport security arrangements?

**Mr Tongue**—To give you an example, I think the New South Wales government has recently committed \$25 million—that is the figure in my mind—to trial a detection system that was first implemented in the Washington underground. That allows early detection of chem-biotype incidents. That is a key one. Other jurisdictions have committed to significantly upgrading CCTV. They are really the two areas. We have looked at, as part of Mr Palmer's exercise, some of the passenger screening type initiatives—trying to roll out aviation style security to underground type situations. In practice, you just cannot get the throughput to deal with, say, the million people a day who use the Sydney rail system. You cannot use those sorts of technologies. We have had consultancy firms look at available technologies. It is fair to say that at this stage as far as treating passengers for explosives the best thing is dogs. My police colleagues refer to them as 'canines'. Dogs are able to cover a large area quite quickly and if they get a scent you can deal with it quickly. The technology just cannot cope with the numbers of people. A number of jurisdictions have committed to more police and more canines.

**Senator O'BRIEN**—The robotic dog is next.

**Mr Tongue**—I suspect so. We might get more work out of them.

**Senator O'BRIEN**—What is meant by 'supporting an integrated approach to transport precinct security'?

**Mr Tongue**—One of the challenges that we have had, looking at overseas incidents, has been that if you took a big, say, railway station, it really is a hub that integrates rail, bus, taxi and foot traffic. The relevant rail authority has a patch of the turf. The bus transit authority may have a patch of the turf. There may be a major shopping centre nearby. The police will have some interests. What we have done is work with our colleagues in Queensland, as the jurisdiction that has taken the lead on some of this thinking. How do we get all of those

players working together so that we get reinforcing of the approach to security rather than, as a good example, one authority spending up on security measures and the authority responsible for emptying the bins not emptying the bins on a frequent basis? They sound simple things, but in those large open spaces with lots of people they are quite good security measures. It has been an exercise in working out governance frameworks, drawing people together—a lot of that hard talking—and then doing some joint planning.

**Senator O'BRIEN**—Do you have any idea of the total financial outlay involved in COAG building on the existing transport security arrangements?

**Mr Tongue**—I will have to go back to my state counterparts on that one, Senator. I really could not put a number on it. I would be guessing.

**Senator O'BRIEN**—What initiatives to build on transport security were undertaken and paid for by the federal government?

**Mr Tongue**—Our principal budget has been the funding that we receive as part of a package that was announced with the Attorney-General's Department. That is in the order of a couple of million dollars a year. We have funded additional work by the Inspector of Transport Security on surface transport; we have funded a major conference on built design in Adelaide, where we looked at the design of transport facilities; and we have worked jointly with the states on sharing information about communications campaigns.

**Senator O'BRIEN**—So, in total, how much?

**Mr Tongue**—I would have to take that on notice to give you a definite number.

**Senator O'BRIEN**—It looks as though, given the figure you gave me for New South Wales and other states' investment, the Commonwealth's investment is a small fraction of the level of investment by the states on building on existing transport security arrangements.

**Mr Tongue**—We tend to coordinate and support rather than direct fund, because the states are the owners and operators of that infrastructure.

**Senator O'BRIEN**—So, even though stopping an al-Qaeda style attack on a train such as in the Madrid or London circumstances is clearly a national security matter, the states have to take the lead on those initiatives?

**Mr Tongue**—The existence of the National Counter-Terrorism Plan and all the national counter-terrorism arrangements tends to be built on the role of states across what we call a PPRR framework—prevention, preparedness, response and recovery. A large part of those arrangements rests on state governments, so that the surface transport sector tends to reflect those arrangements.

**Senator O'BRIEN**—Certainly the states established and run the railways. I am talking about the security response side of it. You are differentiating; because the states run the railways, they are responsible for the security of the railways.

**Mr Tongue**—Yes.

**Senator O'BRIEN**—And it is not accepted that those matters are a national security matter?

**Mr Tongue**—Within the terms of the national counter-terrorism arrangements, as with those areas we mentioned earlier—water, electricity and so on—they would certainly be viewed as areas of national interest. That is why we have come in and played that sort of facilitative, enabling, coordinating role. But, just as with water and electricity, a large part of implementation is left to state and territory governments.

**Senator O'BRIEN**—And indeed the investment.

**Mr Tongue**—And the investment.

**Senator O'BRIEN**—What is the staffing budget of the Office of Transport Security?

**Mr Retter**—The staffing budget is contained within our departmental supplies and employees figure of \$43,202,000.

**Senator O'BRIEN**—That is to cover all functions?

**Mr Retter**—That is correct.

**Senator O'BRIEN**—Can you give us a breakdown of the staff across those five areas that you articulated for us earlier?

**Mr Retter**—Yes, I can. My rough mathematics indicates that in Canberra the aviation function has approximately 60 staff; the surface transport function, 15 staff; the maritime function, 15 staff; identity security, approximately 14 staff; and air cargo, approximately 15 staff. In addition, we have approximately 20 in the governance arena and 60 in what I would call the operational support area, which covers intelligence, the 24/7 operation centre staffing and our special events team, which deals with issues such as APEC. That is the Canberra breakdown. In the case of the 129 staff that we have across the states and territories, approximately 38 are in the aviation arena, 37 in the maritime arena and 29 in cargo. In addition, there are 15 in the governance area—that is, three per state office. I will check the figures for you and come back on notice with any changes to them.

**Senator O'BRIEN**—Thank you. Which airports are classified as counter-terrorism first response airports?

**Mr Tongue**—There are 11 CTFR airports. I will ask Mr Crombie to run through them.

**Mr Crombie**—The 11 CTFR airports are Adelaide, Brisbane, Melbourne, Perth, Sydney, Cairns, Canberra, Coolangatta, Hobart, Alice Springs and Darwin.

**Senator O'BRIEN**—Has any consideration been given to expanding that list?

**Mr Tongue**—As part of the Wheeler review we conducted a joint exercise with the Australian Federal Police to look to expand that list and the judgement was made that we would not. However, as with all things in the counter-terrorism space, those things are virtually under constant review. But a judgement was made not to expand the list.

**Senator O'BRIEN**—How many airports are classified as screening airports?

**Mr Crombie**—Off the top of my head, I think the total is 39. That includes those 11 that I have already mentioned, plus an additional 28 where the passengers are currently screened.

**Senator O'BRIEN**—Has that list expanded lately?

**Mr Crombie**—That list ebbs and flows marginally, depending on the operations of the airlines. The current approach is that if an airline wants to operate into an airport running jet RPT services, that is the triggering for screening to be brought in. There are a couple of airports that have come on stream in the last 12 months as part of the resources boom in WA. Argyle and Ravensthorpe fall into that category. My expectation would be that, as needs change and as airlines change their fleet mix, we will see that number ebb and flow, probably up as the fleet gets smaller and smaller jets come on stream.

**Senator O'BRIEN**—So basically the criterion is that if it is a jet-operated airport, it will get screening?

**Mr Crombie**—If it is jet, RPT is the trigger at the moment. Jet closed charter currently is not triggering the screening operation.

**Senator O'BRIEN**—Is Wagga a screening airport?

**Mr Crombie**—Not at this stage.

**Senator O'BRIEN**—On the basis that there are no jet aircraft.

**Mr Crombie**—My understanding is that Dash 8 aircraft are the largest they get.

**Senator O'BRIEN**—Dash 8s, depending on which version, can carry 50 or 70 passengers.

**Mr Crombie**—Correct. The largest of the Dash 8 operating at the moment are the Q400s, the new ones that Qantas has purchased. I am not sure whether they are operating into somewhere like Wagga or not.

**Senator O'BRIEN**—Probably not.

**Mr Crombie**—I think they are on the Canberra-Sydney, Canberra-Brisbane and Canberra-Melbourne routes. I can come back to you on notice with the full routes they are operating on.

**Senator O'BRIEN**—That then means that there is a dependence on correct screening procedures at the airports where the aircraft land. On 20 October last year there were reports of passengers arriving at Sydney airport from a Wagga flight being wrongly sent into a secure area at Sydney airport. Are you aware of that incident?

**Mr Crombie**—I do recall that one. As you might know, if you travel from Canberra to Sydney you come in at, I think, gate 15 and if you are coming in from Canberra you actually bypass the walk-through metal detector. If you are coming in off one of those regional flights then the streaming is supposed to have you going through that screening point there. If that breakdown occurred that would have been a breakdown at the Sydney airport in having those people go through without being screened.

**Senator O'BRIEN**—That is also a potential issue at Melbourne, isn't it?

**Mr Crombie**—It would be. That incident that you mentioned is the only one that I am aware of where that has occurred.

**Senator O'BRIEN**—Sir John Wheeler, an expert on aviation security, warned the Howard government of this danger but the government refused to fix the problem because the report said:

... in the current environment, consideration should be given to more comprehensive security control over regional flight passengers when arriving at major airports such as Sydney because of the risk to larger aircraft and facilities when passengers disembark at the apron.

You are telling me that no action has been taken?

**Mr Tongue**—I would not say that no action has been taken. Sir John certainly referred that one to us but at the same time he did not really give us much of a steer on how to deal with 140 other airports outside those screening airports, some of them handling as few—the last time I looked at this—as 100 passengers a week. The government has funded hardened cockpit doors on aircraft of 30 seats or more. We have roving teams of Federal Police officers. We are boosting security at the regional airports. We have trained 750 people in hand wand metal detection and from time to time those training exercises run at the airports. That is held in reserve in case the threat level goes up. We continue our consultation with those small airports in supporting them in looking at security matters. To date, though, we have held true to what the intelligence tells us, at least from a counterterrorism perspective, and that is that our focus needs to be on jets. To go to that small end we are talking about some very small airports and some very expensive equipment—or changing the way the industry operates, with consequent impact on operating costs. At this stage the government is holding the line around jets as the basis for screening. However, the Australian government with AFP in particular have been very active in the regional space.

**Senator O'BRIEN**—I guess the obvious concern—I hear what you say about costs—is that unscreened passengers arriving at those airports might be inadvertently allowed to avoid screening or could carry material onto the apron which either they could use or perhaps they could deposit for others to use.

**Mr Tongue**—You have cited one breakdown. That is the only one we are aware of.

**Senator O'BRIEN**—That has been reported.

**Mr Tongue**—We reverse-screen people into the major airports, so we check them before they go back in. That is our mitigation measure. The last aspect is the question of whether people could secrete something. Part of the Wheeler reforms around the unified policing models, CCTV, those sorts of mitigation measures, in part beef up surveillance of all apron areas—more police active, envisaging better CCTV coverage. So we have put some mitigation layers in there around the operation of the major airports to cover the secretion issue.

**Senator O'BRIEN**—Obviously I am not going to ask you about those now, but it is an area of concern. Is CCTV monitored on an ongoing basis?

**Mr Tongue**—All major airports have airport based CCTV. Customs has some specific border control related CCTV and from time to time other agencies install it, and yes, it is monitored for the entire time the airport is operating.

**Senator O'BRIEN**—I have no more questions for the Office of Transport Security.

**Senator STERLE**—I do.

**ACTING CHAIR (Senator Adams)**—We will do those questions after lunch.

**Proceedings suspended from 12.57 pm to 2.00 pm**

**CHAIR**—Thank you very much, ladies and gentlemen.

**Senator STERLE**—Thank you, Chair. Mr Kilner, I just want to ask you a few questions with regard to the MSIC card. I know it comes as a shock that I might have a few for you. Could you just tell us how well the security measures of both ports and airports are applied to subcontractors and subcontracted employees, including labour hire?

**Mr Kilner**—With regard to subcontractors or contractors or employees, all people who want unrestricted access into a security zone are required to go through the MSIC background checking process. In that regard, there is no distinction made in the maritime sector between employees, contractors or subcontractors. They are all treated the same. There is no visitor identification card system within the maritime sector so either you have an MSIC, you have a temporary MSIC issued by the government for those people who have started the background checking—that scheme has now ended; it only ran for a few months during the rollout—or you are escorted or monitored within the maritime security zone.

**CHAIR**—So what if I pay my mate \$5,000 and borrow his—

**Mr Kilner**—We have seen a few incidents—

**CHAIR**—and drive a truck onto the tarmac? Swipe the thing and drive on? Can you still do that?

**Mr Kilner**—I will ask Ms Johnson to answer the one about the tarmac.

**CHAIR**—Would it be possible to borrow, beg or steal my card, swipe at a gate and drive a truck onto an airfield?

**Ms Johnson**—I guess anything is possible. However, it is breaking the law and it is up to the—

**CHAIR**—Oh, yes, but if I am going to blow something up, I intend to break the law.

**Senator STERLE**—So is drink driving.

**Ms Johnson**—We would be looking at the access control mechanisms within the transport security program.

**CHAIR**—They are not swipe ID rather than—

**Mr Tongue**—One of the things that we are in the process of introducing in the aviation industry comes out of Wheeler. What we are doing is working with the industry to beef up access to what we call airside. So you do a face to ASIC check. The only way we can get around that is a face to ASIC check. We have been working with the industry. It also affects a range of other Australian government agencies, such as Customs and AFP.

**Senator STERLE**—That is for aviation?

**Mr Tongue**—That is for aviation. On the maritime side, I am aware of a couple of instances where people have tried to swap MSICs. That has been picked up by this face to MSIC check.

**Senator STERLE**—By the what, sorry?

**Mr Tongue**—By a face to MSIC check. You and I have swapped. You turn up.



**Senator STERLE**—Someone has tried that already?

**Mr Tongue**—Yes, and action has been taken.

**Senator STERLE**—How many instances of that have been reported?

**Mr Kilner**—I do not have the exact number, but less than half a dozen.

**CHAIR**—Would they be testing the system or have evil intent?

**Mr Kilner**—Generally it is laziness on the part of an individual who has not got his card and wants to drive the truck through. His mate has one. He has borrowed his mate's one. He has been picked up at security.

**CHAIR**—Anyhow, I think you know what the message is.

**Senator STERLE**—So how long before you will apply the same stringent checks on the waterfront as you do on the airports?

**Mr Tongue**—Waterfronts are in a slightly different position to the airports. It is just the nature of port operations. There is a lot of face to MSIC checking going on already at most ports. There are some electronic operations. Now that we have got the MSIC card in and operating, we are going to work through with industry. We can see the observable patterns of how people try and get around what we have just introduced. We will start to work to tighten it up.

**Senator STERLE**—The problem I see is that one would think the trucking companies coming through have their livery on the side of their trailers and their prime movers and they are captured contractors and all that. With labour hire, we would not have a clue who the heck is coming through. Would you agree with that? If someone had evil intent, it is very easy. You would not put them through a trucking agent. You would put them through a labour hire company.

**Mr Kilner**—As I said before, it does not matter where the source of labour comes from. If that person wants unescorted access into a maritime security zone, they need to have been background checked and have an MSIC. If not, they are escorted.

**Senator STERLE**—But would it be fair to say, Mr Kilner, that you have obviously caught someone who has tried to swap or borrow? How did that come about? How did you find out—because of the facial recognition on there?

**Mr Kilner**—Yes, because of the check by the security guard at the entry point.

**Senator STERLE**—But are there entry points where people are not there to do the facial match, where they just actually swipe?

**Mr Kilner**—There are a number of gates which have electronic access. Usually they are lower risk facilities—you know, bulk facilities and the like. Also some of the regional ports have similar facilities for out-of-hours operations. So there are those particular points.

**CHAIR**—With that earlier stuff, obviously there is a big message in there and we do not have to go into great detail. The other thing that has always intrigued me is that if I am a crewman on a ship who is pulled into wherever and I am in the business of running drugs, am

I able to just take my dillybag full of drugs and go out for the day without being examined when I leave the wharf?

**Mr Kilner**—That is more a question for Customs than for us. Generally, with regard to our involvement, there is an agreement between the master of the vessel and the port facility security officer about how people enter and leave the secure zones. Customs of course do first port boarding of, I think, over 75 per cent of all ships coming into port. They have in place a sophisticated CCTV system around the country. They will use their own risk assessment processes for determining when they are going to turn up and who they are going to inspect as they leave the ship or leave the facility.

**CHAIR**—I would consider that a soft entry point because it would be possible. If you are in a big enough ship and you are clandestine enough in your operations, you could actually traffic. They may well examine your bag on the way back but not on the way out.

**Mr Kilner**—I would leave that to Customs to answer more fully.

**Senator STERLE**—I would agree. So you cannot differentiate between employees, subcontractors, contractors or labour hire on the maritime security cards. Can you for aviation?

**Ms Johnson**—The same rules apply in that you have to have an operational need in order to have an ASIC or you are escorted.

**Senator STERLE**—So you cannot differentiate who are contractors and who are labour hire?

**Ms Johnson**—No. If they have an operational need, they are eligible to apply for an ASIC.

**Senator STERLE**—Therefore, would it be right to assume that you would not be able to differentiate in what segment of each industry they are employed when they come on?

**Ms Johnson**—That is correct.

**Senator STERLE**—Isn't that rather loose?

**Mr Retter**—There is an issue here of background checking and there is an issue of access. Access to particular facilities or parts of facilities is controlled by the company or leaseholder of that facility. For example, if I am an employee of a particular stevedoring company and I am working on a particular part of that facility, I will obviously be granted some form of access, limited or extensive, depending upon the nature of my employment and my duties. The same applies in the aviation sector, where various people have access to various parts of an airport but not necessarily all of it. In some cases, it is quite restrictive.

**Mr Kilner**—I will expand on that answer as well. One difference between MSIC and ASIC is that the MSIC does not have an access control facility built into the card. The ASIC has a magnetic stripe, where the facility going through an access control arrangement can authorise the opening of particular doors or gates. The MSIC does not have that. What is required is for the facility operator, then, to put their own access card attached to the MSIC. They will then determine on that particular card where and when the particular holder of that access card gets access.

**Senator STERLE**—But where we have had instances where some dills have been silly enough to try and swap MSIC cards to get access to the waterfront, what about when it is a swipe? How do you know that they have not been swapped on the waterfront?

**Mr Kilner**—Well, you cannot guarantee 100 per cent that that is the case. But what we do have within both the maritime security plans and the ASIC plans are audit and spot inspection arrangements. Most of them have quite robust arrangements, particularly for the sort of higher risk facilities where there is the sort of face to MSIC arrangement. It tends to be in the bulk areas—the movement of coal or other bulk goods—or in regional ports where out of hours operations may require access by particular people that there is not the face to MSIC check.

**Senator STERLE**—Since you cannot break down how people are engaged or employed that enter or seek access onto the waterfront or the airports, can you tell how often a person spends in the secure areas? Do you have access to that information?

**Mr Kilner**—The facility operators would have access to that information depending on the sophistication of their access control system. Usually if there is an automatic gate opening where an access card is swiped, it will record the time of entry and the time of exit of that particular card.

**Senator STERLE**—Of whoever is holding that card? And you keep all those records?

**Mr Kilner**—We do not keep those records. That is an issue for the facility. If a particular event occurs, we can seek to gain access to that information.

**Senator STERLE**—You would not be able to tell us what breaches of safety or security are committed by any individual group of employees or contractors at all?

**Mr Kilner**—No.

**Senator STERLE**—I want to raise one more question. I know I came in on the end of the negotiations that were conducted in good faith between this committee and the employer and employee representatives when MSIC was introduced. There was a lot of debate going on. It is supported by both sides of industry and government; I understand that. I remember one of the conversations was that the government was supportive in making it easily financially accessible to get onto the waterfront. Have you heard of 1-Stop?

**Mr Kilner**—Yes.

**Senator STERLE**—Are they all around Australia?

**Mr Kilner**—Yes, they are.

**Senator STERLE**—Would I be right in assuming that 1-Stop is a company that is charged with controlling or running the booking systems for P&O and Patrick's around the country?

**Mr Kilner**—Yes. It is a joint venture company owned by Patrick's and P&O.

**Senator STERLE**—It is a joint venture company owned by them. They also administer the MSIC cards. Correct?

**Mr Kilner**—That is right.

**Senator STERLE**—If you lose—this is a topical argument—a drivers licence, I think the cost is about \$12 to replace it. In Western Australia just recently, anyone who lost their 1-Stop

MSIC card was charged \$105, but if you lost your Fremantle Port Authority one, it was \$20 to replace. There has been an uproar. I am sure that the free market fundamentalists would absolutely be jumping out of their trees at the moment thinking that there was no competition. It is probably not your area, but how the heck could that be justified?

**Mr Kilner**—I am not aware off the top of my head of the arrangements that 1-Stop has put in place to replace cards. I do know that because it is a national system, it involves Australia Post again in the delivery of these cards and it involves not only the MSIC but also a new access card. I can understand that there would be significant costs to the issuing body, 1-Stop, in that regard. What I cannot tell you is the breakup of the \$105 and where the money goes.

**Senator STERLE**—If the Fremantle Port Authority can do it for \$20, they would be faced with exactly the same sort of constraints and problems as 1-Stop would in replacing a card, wouldn't they?

**Mr Kilner**—Well, they have their own facility at Fremantle, so they do not involve, for example, Australia Post in the process. I think the processes are different. They tend to have a more local arrangement than 1-Stop.

**Senator STERLE**—When you say 'involve Australia Post', just clarify what you mean there.

**Mr Kilner**—Australia Post are responsible for the identity verification in the 1-Stop process. Then once the card is issued, it goes to an Australia Post office like passports do. The individual is then notified to go to the post office with identification, verify the identification and given their MSIC. That process is not used by a number of other issuing bodies, including Fremantle Port Authority.

**Senator STERLE**—There was a kerfuffle on the waterfront down there three weeks ago. There are some silly statements around that drivers should not lose their MSIC card, drivers should not lose their licences and drivers should not lose their bank cards. But, unfortunately, that does happen. But the biggest incentive not to lose your MSIC card for a lot of operators on the waterfront is that they are out of work. I believe it is about a week to two to get that card replaced. They do not intentionally go and lose their cards. But it does give me grief that it was \$105. They had a blue down the waterfront and it dropped to \$85. But it is still \$65 dearer than the Fremantle Port Authority card. For the life of me, if the MUA were running the issuing of the MSIC cards—I noticed you look over your glasses at me like that, Senator Johnston—I am sure that there would be a lot of people screaming from every tower in every capital city, 'Why should the MUA be able to charge \$105 for a replacement card when the Fremantle Port Authority can do it for \$20?' When we spoke about initiating the card, it was imperative that it would not be a money making scam without any competition for some certain group of people. I urge through your workings that I think this needs to be looked at. No-one can tell me that it costs \$105 to replace a plastic card, especially when the company is owned by the two stevedoring companies who are requesting the card for entry onto their premises. On that, Senator Heffernan, thank you.

**CHAIR**—God bless you. There you go. That was easy, wasn't it. We will now move to Regional Services.

[2.20 pm]

**CHAIR**—Before we commence, I send to Karen Gosling the condolences of this committee. She has had an unfortunate experience, as I understand it.

**Ms McNally**—Karen Gosling is away today. She has had a death in the family. She has had a funeral, so I will be answering questions on her behalf.

**CHAIR**—I am sending condolences to Karen. I am not complaining. I am sending our sincere condolences.

**Senator O'BRIEN**—Can someone confirm that under the Regional Assistance Program \$356,280 was provided to the outback area consultative committee to provide a colour booklet entitled *Wide Canvas Country: Broken Hill Australia—no artificial additives?*

**Ms McNally**—That is correct.

**Senator O'BRIEN**—When was this funding provided?

**Ms McNally**—We have not got the date with us. We would have to check that.

**Senator O'BRIEN**—Is that the totality of funding provided?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—I understand that was to purchase 304,000 copies of this brochure?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—Who was the chair of the ACC at the time?

**Ms McNally**—At the time?

**Senator O'BRIEN**—Yes.

**Ms McNally**—We would have to check that.

**Senator O'BRIEN**—Would it have been John Williams?

**Ms McNally**—We do not have that information with us.

**Senator O'BRIEN**—Was there a funding application on which the funding was based?

**Ms Page**—This was under a previous program so that is partly why we do not have the information in great detail. We are happy to provide that on notice.

**Senator O'BRIEN**—Is it true that two copies were sent to every household in the local government areas of Broken Hill, Central Darling shire and the unincorporated area of New South Wales?

**Ms McNally**—Yes. That is correct.

**Senator O'BRIEN**—What was the purpose of this brochure?

**Ms McNally**—It was part of a tourism destination marketing project.

**Senator O'BRIEN**—Do you know why it was sent to those households?

**Ms McNally**—The idea was for the households to have a copy themselves but also provide copies to other people to encourage them to visit the location.

**Senator O'BRIEN**—The stats from the parliamentary library tell us there are 9,235 households in the area. Do you know why a print run of 300,000 copies was run?

**Ms McNally**—There were copies provided to other tourism outlets, such as the visitors information centre.

**Senator O'BRIEN**—Do you know whether the 280,000-odd copies have all been distributed?

**Ms McNally**—I would have to check that.

**Senator O'BRIEN**—While you are checking, can you find out when they were distributed?

**Ms McNally**—Yes.

**Senator O'BRIEN**—I want to find out how many were distributed to the Broken Hill visitor information centre and, if you are aware, where they distributed the copies to and over what period of time. What was the select tender process used to select the printer?

**Ms McNally**—A steering committee reviewed the tenders and made the selection.

**Senator O'BRIEN**—Who is on the steering committee?

**Ms McNally**—I would have to obtain that information for you.

**Senator O'BRIEN**—Why a Sydney printer rather than a local printer?

**Ms McNally**—I do not have that information particularly, but I imagine it would be around price competitiveness. We can check that out for you.

**Senator O'BRIEN**—Why was the foreword not written by an appropriate minister, given that this is a tourist brochure?

**Ms McNally**—I would have to check.

**Senator Johnston**—Because you would accuse us of bias; that is why. You would accuse us of electioneering; that is why.

**Senator O'BRIEN**—Minister, you can tell us, then, why the member for Parkes featured so heavily in the publication.

**Senator Johnston**—Because he is the member for Parkes, whoever he might be.

**Senator O'BRIEN**—So it was an election propaganda thing, was it? Is that what you are saying?

**Senator Johnston**—You would want it to be. You carry on like you always do.

**Senator O'BRIEN**—You said I would say so if it were the minister, not someone who—

**Senator Johnston**—You would say so anyway.

**Senator O'BRIEN**—Not someone who sought to be the local member.

**Senator Johnston**—You would say so anyway, wouldn't you.

**Senator O'BRIEN**—I would say that we have seen a massive amount of money invested and, peculiarly, Mr Cobb features prominently in something that was sent in two copies to every household in that part of the electorate. So how many other tourist brochures, booklets

or magazines is the department aware have been produced using Commonwealth regional program money?

**Ms McNally**—I would have to provide that information on notice.

**Senator O'BRIEN**—How many other tourist brochures, booklets or magazines have been sent to households in electorates or regions they focus on?

**Ms McNally**—I would have to check that as well.

**Senator Johnston**—Do you know the date of this?

**Senator O'BRIEN**—It is undated, but I am sure we can find out. It is contemporaneous.

**Senator Johnston**—If it is election stuff, it should be relevant to an election. If it is three years old, it is hardly relevant to an election.

**Ms McNally**—It was under the Regional Assistance Program. The Regional Assistance Program concluded on 30 June 2003.

**Senator O'BRIEN**—In the 2006-07 financial year an underspend of \$9.625 million in regional partnerships was recorded. Can you explain the reason for this underspend?

**Ms McNally**—The underspend is related to some of the icon projects, two projects in particular. One is the Australian Equine and Livestock Centre. An amount of \$2.7 million has been moved into future years to cover costs for that project that will be incurred in the following years. There is \$1 million for the Bert Hinkler Hall of Aviation project and \$3.5 million from the Rural Medical Infrastructure Fund as well as a further \$2.2 million for the Weipa Electricity Generation Compensation Package that has been moved to 2008-09.

**Senator O'BRIEN**—Why? Why that latter amount?

**Ms McNally**—Why the latter?

**Senator O'BRIEN**—Yes. Why the \$2.2 million?

**Ms McNally**—Well, the government agreed to provide funding of about \$8.8 million to the Weipa community over four years to compensate for the loss of access to a diesel fuel rebate scheme which they use for electricity generation. However, the funding was on the basis that the Queensland government, through a process of nominalisation, would establish local government in the area. Weipa is mainly set up as a Comalco mining type town. There is a process of local government arrangements being put in place. So it was part of that process.

**Senator O'BRIEN**—So all of that money has been rolled forward into the out years for the same projects?

**Ms McNally**—That is correct for the projects I just outlined, yes.

**Senator O'BRIEN**—Yes. How much of the money in administered funds is not yet committed in the forward estimates for the Regional Partnerships Program for the coming three financial years?

**Ms McNally**—The amount that has been committed is about \$67 million.

**Senator O'BRIEN**—That is committed in forward years?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—Or committed now? So committed in 2007-08, 2008-09 and 2009-10?

**Ms McNally**—There are different amounts in different years.

**Senator O'BRIEN**—Yes.

**Ms McNally**—The year-to-date commitment for 2006-07 is \$65.961 million. For 2007-08 it is \$24.5 million. For 2008 it is \$1.189 million and for 2009 it is \$0.2 million.

**Senator O'BRIEN**—So where will I find a figure in the PBS which will tell me how much is left, or can you tell me that?

**Ms Page**—The PBS does not normally go to commitments. It provides the appropriations. Ms McNally was indicating which amounts against those appropriations have been contractually committed.

**Senator O'BRIEN**—I understood that. Where in the PBS are the administered payments available?

**Ms McNally**—Page 27.

**Senator O'BRIEN**—I would ascertain the amount as yet uncommitted by deducting those figures that you gave me?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—So there is about \$1.5 million uncommitted from 2006-07 as well?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—Are they expected to be committed this financial year?

**Ms McNally**—Yes. One of the issues that we have with the program is that funds committed and funds expended can vary slightly based on whether the contracted commitments actually meet the obligations that have been contracted for.

**Senator O'BRIEN**—So when you say you expect them to be committed, do you expect them to be committed this financial year or next financial year?

**Ms McNally**—We expect them to be committed, but the amount that we expend is probably likely to be slightly less, depending on what milestones there are in projects.

**Senator O'BRIEN**—So some will probably roll into the coming financial year?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—According to the government's response to the Senate inquiry into regional partnerships, the SONA principles remain in place. Have they been used to approve any projects?

**Ms McNally**—No, they have not.

**Senator O'BRIEN**—But they are available if required?

**Ms McNally**—The SONA principles have not been included in the new guidelines that were released in July last year.



**Senator O'BRIEN**—Okay. Forgive me for my scepticism, but they were not included in the original ones either but they were there. Are they still there?

**Ms McNally**—No.

**Senator O'BRIEN**—They are gone?

**Ms McNally**—We are currently rewriting the procedures manual. They were addressed through our internal procedures manual that is currently in the process of being rewritten.

**Senator O'BRIEN**—When will the rewrite be complete?

**Ms McNally**—At the moment we have completed some of the chapters around contracting. We are still completing chapters around developing proposals and assessing proposals. So whilst there have been various new processes put in place, consolidating them into the procedures manual is currently happening. We expect that to be by the end of this financial year.

**Senator O'BRIEN**—Who will see a copy of the procedures manual when it is complete?

**Ms McNally**—The procedures manual is normally used internally, but it could be made available if people would like to have a look at it. It would not be a problem.

**Senator O'BRIEN**—I am sure there will be a lot of interest in it. I am certain that I would and there may be other members of the committee as well, so I would appreciate it if it could be supplied. A number of the regional partnership projects announced in the 2004 election campaign had not been through the departmental application process prior to being announced at that time. There were six icons and about 50 other projects. What is being done to ensure that the process will be transparent and rigorous in this period leading up to the forthcoming federal election?

**Ms McNally**—I am not quite sure how we would approach a question like that. It is not up to the department to determine policy priorities that a government or any party might have in an election context. Our job is to administer fairly projects that form part of government election commitments once we get them. But I do not think it is reasonable to expect us to be able to influence the choice of government commitments.

**Senator O'BRIEN**—Perhaps I can ask the minister the same question, if it is a matter for government rather than the department. What is being done to ensure the process of assessing and approving regional partnership projects in the lead-up to the election is transparent and rigorous?

**Senator Johnston**—I would have to take that on notice for the minister. It is inside the minister's office. But the usual scheme of these projects is, as you know, Senator, firstly, the area consultative committee accepts with the assistance of its executive officers an application for a project. The area consultative committee, being a group of volunteers, sits around and assesses the recommendation from the executives and then forwards it on to the DOTARS officials in each particular state. I do not know whether this is still current; I think it is. This is what my experience is with these applications. The DOTARS officials then review the application against a set list of criteria to see that there is compliance, as you well know, and then a recommendation is made to the minister. As to who applies and as to what goes forward is not a matter of political interference.

**Senator O'BRIEN**—So you can assure us that every application that comes forward and every grant that is announced in the lead-up to the election will have gone through that process?

**Senator Johnston**—Unless, of course, it goes through what was the old SONA process. I am not sure how much of the SONA system exists. In fact, Ms Page might correct me. There is an opportunity for the minister to initiate a funding proposal of his own volition if he sees something. SONA stands for a project of national something or other significance, something to that effect. So there is an opportunity for the minister to make a grant.

**Senator O'BRIEN**—Some say it means under the radar.

**Senator Johnston**—There is an opportunity for the minister to make a grant, but I believe these are very, very rare and relate to very large grants which in themselves would obviously be transparent and available for you to ask extensive questions about. In that process, it has been audited on a number of occasions. That is a robust process. The applications themselves flow from community groups, which are quite removed from politics. Then they are assessed by a group of people who also may or may not have some political affiliation but are pretty removed from politics. Then it goes to the department. At the end of the day, there are hundreds of applications. For the minister to intervene on a political basis to work out which electorates will benefit and all of that sort of stuff would be a very difficult and Herculean task.

**Senator O'BRIEN**—They have got a lot of staff. The government is still permitted to direct a pool of funds within the Regional Partnerships Program for specific investment priorities which may not otherwise be brought forward by the area consultative committees, or at least that was one of the guidelines in November 2005. Has that guideline been used?

**Ms Page**—No. There have been no projects approved under that provision. There was a one-off payment made last year to area consultative committees for a series of training and other measures but not for project purposes, no.

**Senator O'BRIEN**—Even though it has not been used. The government rejected the major recommendation of the Senate inquiry that it be mandatory for all regional partnership applications to be developed in consultation with the area consultative committees. Why is that the case, even though it is not being used?

**Ms Page**—There are from time to time some projects that come through that have not been sponsored by an ACC. I think the government simply wanted to maintain the flexibility for that to happen.

**Senator Johnston**—I can give you an example. If you have a project that is quite large but across a number of portfolios, it is feasible that the ACC would simply say to DOTARS, 'Could you be the agency that handles this, say, for Tourism, for Environment and Heritage or for Transport with respect to jetties and things that have iconic value'; I can think of one in Western Australia. It would be a situation where the ACC would look at it and then pass it on because it was too big. It was sort of outside their guidelines and beyond their budgetary capability.

**Ms Page**—We also do get just small community groups or individuals with an idea for a project. They want the ability to access government funding.

**Senator O'BRIEN**—Without having to go through the ACC?

**Ms Page**—The ACC is a body that does not have a formal role as a funder of a project. An ACC is a facilitator or a sponsor of a project. I think the government formed the view that these are funds available for regional projects generally. While it certainly expects the ACCs and encourages the ACCs to develop projects within the community and to bring their resources to bear to bring parties together in a partnership, it could not preclude that from time to time there might be groups who want to do it on their own.

**Senator O'BRIEN**—So that would be a rare occurrence?

**Ms Page**—It is fairly rare, I think, yes.

**Senator O'BRIEN**—The government only acceded in part to the Senate inquiry's recommendation 17 that all relevant approvals or licences be obtained before grants are announced. Clearly, that provision would have meant that we did not have the shambles of the Tumbi Creek announcement. What is the practice with those licences and approvals in relation to the ongoing process of assessing and approving grants? Have there been cases where grants have been approved since 2004 that were not announced during the election where relevant approvals and licences had not first been obtained?

**Ms McNally**—Where in some cases the applicant has not been able to obtain the appropriate licences and approvals—because in some cases it costs quite a lot of money to get them before they know if they are going to get the grant—conditions are imposed through the funding agreement whereby they have to have obtained those particular approvals and licences prior to any funding being released. So, as I said earlier, we have just revised parts of our procedures manual, in particular the sections relating to putting in place funding agreements. That procedures manual outlines that requirement that no funding be paid until those approvals and licences are obtained.

**Senator O'BRIEN**—What measures have been taken to strengthen competitive neutrality?

**Ms McNally**—The measures in relation to competitive neutrality have been changed in relation to the guidelines, so there needs to be clarity in an application that another business will not be disadvantaged as a result of receiving government funding through the Regional Partnerships Program.

**Senator O'BRIEN**—So that is a new test?

**Ms McNally**—It is a test based on each individual project, yes. So each project is looked at and assessed on that basis. In some cases where it is unclear, we ask the applicant to go back and sometimes get advice from other nearby or like businesses to verify that they accept there will be no impact on them.

**Senator O'BRIEN**—The government did not agree to strengthen the due diligence test which would have prevented a situation like the A2 Dairy project from happening. Obviously that project was a complete and utter failure.

**Ms McNally**—Under our program, a number of projects, particularly those over \$250,000, have to undergo a financial viability assessment. We undertake some quite detailed analysis as part of that assessment to check as far as we can that sort of information. The financial viability assessments are undertaken by an independent group, such as KPMG or the like.

**Senator O'BRIEN**—So it is due diligence under a different name?

**Ms McNally**—The due diligence is part of the overall assessment process to check the viability of the project—the applicant viability, the project viability and the overall financial viability.

**Senator O'BRIEN**—So those procedures have been strengthened?

**Ms McNally**—Yes. One of the other things we are doing as well is updating the application form for the program to make it clearer about the sort of information that is required to undertake those sorts of checks. That application form should be available, we are expecting, in early June.

**Senator O'BRIEN**—And due diligence tests, presumably, must be conducted before funding commences?

**Ms McNally**—Ideally.

**Senator O'BRIEN**—Are there circumstances when they do not?

**Ms McNally**—In some cases, they are undertaken, for example, if the ministerial committee takes a decision other than a recommendation made by the department. We may not have undertaken a financial viability assessment to the extent that would be required if we were to proceed with funding. We would then undertake that kind of assessment at that point.

**Senator O'BRIEN**—Prior to—

**Ms McNally**—A funding agreement being put in place.

**Senator O'BRIEN**—Have there been occasions when due diligence has revealed a problem that has required a reconsideration of the decision to approve?

**Ms McNally**—When issues are raised, we go back to the ministerial committee and provide them with advice. They can either agree with the previous decision or they can overturn that decision.

**Senator O'BRIEN**—How often have you had to do that?

**Ms McNally**—Fairly rarely.

**Senator O'BRIEN**—Once, twice, five times, 10 times?

**Ms McNally**—Over a period of a year, probably half a dozen times.

**Senator O'BRIEN**—How many application decisions have been overturned as a result of that process?

**Ms McNally**—I would have to take that on notice.

**Ms Page**—It is also possible that the ministerial committee might choose to modify the nature of their approval rather than overturn it; in other words, to ask for particular controls to be placed through the funding agreement.

**Senator O'BRIEN**—Thank you for that. We would like details of applications where such additional conditions have been applied as a result of the due diligence process. What has been done to prevent ministers and staff from fast-tracking applications?

**Ms McNally**—Applications have to go through the normal assessment process. Sometimes applications are identified as time critical. For example, some applicants may want to undertake some kind of building or it requires getting access to a builder who might be in the local area. There might be cases where they want to gain access to other sorts of partnership funding and they need to have an idea about whether they are going to get the Australian government funding to achieve that. So the applicant is able to identify whether their project is time critical. We try to move those through as quickly as possible. They need to identify the reasons why it is time critical.

**Ms Page**—But all those assessments go through the ministerial committee. There is no difference in the level of approval of scrutiny for those projects.

**Senator O'BRIEN**—So they go through the departmental scrutiny before they get to the—

**Ms Page**—They go through the department's scrutiny and then they go to the ministerial committee, yes.

**Senator O'BRIEN**—Except where that committee has made a decision before you have done due diligence?

**Ms McNally**—Well, they still go through that process, but they may make a decision about the level of risk that they are prepared to carry. Some of our projects, whether we fund them or not or recommend them, depend on a whole range of criteria. So it is not just one particular criterion.

**Senator O'BRIEN**—Hansard did not pick up that wave of the hand. You meant, though, it was in the balance whether you would approve them?

**Ms McNally**—That is right.

**Senator O'BRIEN**—Is that how I interpret that?

**Ms McNally**—That is right. So it is quite a difficult decision. A lot of projects are quite complex and there is a whole range of issues. It is often quite a hard decision about whether they should be funded or not.

**Senator O'BRIEN**—Recommendation 22 of the inquiry was that the ministers and parliamentary secretaries and their staff should be prohibited from intervening in the assessment of grants. The government has said they agree in principle. I am not sure what that means, really.

**Ms McNally**—Well, the basis of that is as it says in the government's response—that the inquiry did not find any evidence of inappropriate interference.

**Ms Page**—I think there are issues concerning the nature of the respective roles of ministers' staff, the department and ministers as well. The department assesses the project. The project goes to the office of the three officers. The ministerial committee makes a decision. Clearly in advising their ministers, ministerial staff also scrutinise the project. But they do not have a formal role in the decision making. They may well have an informal role,

as ministerial staff do, in advising the minister of their views, but they do not have any formal financial responsibility in approving expenditure.

**Senator O'BRIEN**—Perhaps the key word is 'formal'. What has happened to the \$600,000 regional partnership grant provided to Beaudesert Rail? Have these funds been written off?

**Dr Dolman**—As you are aware, Beaudesert Rail was not a regional partnerships grant. It was a separate appropriation. However, that funding was provided to the project. The project was completed. Subsequently, as you are aware, there were fires that caused the organisation to go into receivership so there was no opportunity to recover those funds.

**Senator O'BRIEN**—There was no outcome and the funds have been used?

**Dr Dolman**—I think it is probably not correct to say there was no outcome. But the funds were used.

**Senator O'BRIEN**—How would you describe the outcome?

**Dr Dolman**—I think prior to the project closing there was some training that was provided to a number of people during the period that the project was operational.

**Senator O'BRIEN**—Operating a train that is not there?

**Dr Dolman**—Sorry?

**Senator O'BRIEN**—Operating a train that now is not there?

**Dr Dolman**—Yes.

**Senator O'BRIEN**—It is useful, then. What is the status of the Queensland Audit Office—this is about Sustainable Regions, by the way; you may or may not be able to answer—investigation into the financial statements of the proponents involved in the @GIS sustainable region grant? Can I say this includes an investigation into whistleblower claims that \$110,000 of sustainable regions funds have been absorbed by the Atherton Shire Council and that all three councils—Atherton, Eacham and Herberton—had not provided the \$1.5 million of cash and in-kind support required.

**Ms McNally**—The Atherton Shire Council was advised by the Queensland Audit Office on 10 November 2005 that the audit was completed and certified without qualification.

**Senator O'BRIEN**—What was this project funded to achieve?

**Ms McNally**—The project's key objectives were the establishment of a tablelands cooperative geographic information system to allow government, industry and the community to gain access to existing and collected data and increase awareness through education.

**Senator O'BRIEN**—Is the department aware that the only geographical information published on the @GIS website in the four years since this was announced in November 2003 was Tinaroo boating hazard tips, hot fishing tips of Lake Tinaroo, although it has no place names on the map so it is not very user friendly—and a road and street directory which could arguably already have been accessed through an alternative site such as whereis.com? Has this project been assessed against value for money criteria?

**Ms McNally**—The final report of the project that was received in March this year demonstrated that the project's objectives had been met in accordance with our contract and that activities such as student teacher training and support was provided and the relevant equipment was purchased.

**Senator O'BRIEN**—Who signed that off?

**Ms McNally**—Sorry?

**Senator O'BRIEN**—Who signed off that assessment?

**Ms McNally**—The project itself was reported on by the applicant. Then it would have been signed off in terms of having met the funding agreement by the department. A final payment has been made on the basis of an audited statement.

**Senator O'BRIEN**—So was a funding agreement in place with clear milestones as to what this project would deliver?

**Ms McNally**—Yes.

**Senator O'BRIEN**—And each of those milestones has been fully met in terms of what needed to be delivered?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—Have matched grant moneys been provided?

**Ms McNally**—The grant money of \$1.4 million has been fully paid.

**Senator O'BRIEN**—But have matched grant moneys been provided—money to match the grant?

**Ms McNally**—I would have to take that on notice.

**Senator O'BRIEN**—Has the minister or ministerial council requested from the department a list of the regional partnership or Sustainable Regions Program projects funded by electorate?

**Ms Page**—When applications go up, they are labelled with the electorate. I do not know that we have provided a separate list.

**Senator O'BRIEN**—So each project goes up with an electorate identification?

**Ms Page**—It has an electorate identification generally because letters go out advising local members and senators if the project has been approved.

**Senator O'BRIEN**—So does the department keep a list with the details of the project and the electorate in which it—

**Ms McNally**—We keep a list of funding by electorate overall for a range of our funding programs.

**Senator O'BRIEN**—Is that publicly available? If not, can the committee have a copy?

**Ms McNally**—I would have to check.

**Senator O'BRIEN**—But the list exists now?

**Ms McNally**—Yes.

**Senator O'BRIEN**—Are you taking that on notice?

**Ms McNally**—It is a list by all electorates.

**Senator O'BRIEN**—So it would be the name of the project and what it is about and perhaps other information—the identification of the electorate in which the project resides?

**Ms McNally**—That is right.

**Senator O'BRIEN**—I look forward to responses to whether it can be supplied on notice. How is the Primary Energy project going in reaching milestone 4 of its funding agreement?

**Ms McNally**—The final payment of \$46,000 is still dependent upon approval of a state government environmental impact statement, the receipt of a final report and an auditable payment. That final payment has not yet been made. The current timing to expect that report is early September.

**Senator O'BRIEN**—So how long have they had to achieve this milestone?

**Ms McNally**—In July Primary Energy advised us that the state government environmental impact statement was likely to take some six to nine months. So they have been keeping us regularly updated.

**Senator O'BRIEN**—When was the third milestone passed? I think you have already told me that. It was 30 July 2005.

**Ms Page**—It was 26 August 2005.

**Senator O'BRIEN**—I looked at the wrong column. The advice I have is that there was \$50,600 outstanding. You are saying it is \$46,000?

**Ms McNally**—That is right.

**Ms Page**—That is GST exclusive.

**Senator O'BRIEN**—And that is dependent on the approval of the environmental impact statement?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—With the payment of milestones, obviously activity has to be assessed and various work has been required. Do you know from the material supplied, or can you identify from the material supplied, whether Mr Kevin Humphries, the former chair of the New England area ACC, ever provided business consultancy services to Primary Energy?

**Ms McNally**—We are not aware of any.

**Senator O'BRIEN**—That is not something that arises from the material you have?

**Ms McNally**—Can you repeat the question?

**Senator O'BRIEN**—I want to know whether Mr Kevin Humphries, the former chair of the New England North-West ACC, ever provided, for pay, business consultancy services to Primary Energy.

**Ms McNally**—Not that we have been made aware of.



**Senator O'BRIEN**—In relation to some of the election commitment projects, firstly, with the RM Williams project, was it announced before any application was received?

**Ms McNally**—With the RM Williams project, a funding agreement was put in place for that project for \$40,400 to support them to undertake a business plan. That funding agreement was put in place on 11 April this year.

**Senator O'BRIEN**—That was announced back in 2004?

**Ms McNally**—That is correct.

**Ms Page**—That is correct.

**Senator O'BRIEN**—How much was the funding again? \$46,000?

**Ms McNally**—The funding agreement for the business plan was for \$40,403.

**Senator O'BRIEN**—In April 2007?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—And when is that to be provided by?

**Ms McNally**—I do not have that information with me. I will take that on notice.

**Senator O'BRIEN**—In relation to the Eidsvold agriforestry project—

**Ms Page**—That is RM Williams, yes.

**Senator O'BRIEN**—it received \$496,000 in funding through the Sustainable Regions Program as well, didn't it?

**Ms Page**—It certainly received funding under an earlier program. I do not have those details. It was a Sustainable Regions project. We cannot confirm the level of the funding contribution.

**Senator O'BRIEN**—What was the result of the funding? What was the outcome?

**Ms McNally**—We would have to take that on notice.

**Ms Page**—Certainly one of the issues surrounding the delay with the Reginald Murray Williams Australian Bush Centre concept has been whether or not to develop that as a separate project or a separate institution, if you like, to the agriforest project. There has been some work undertaken by the local committee on whether there is scope to run that as a single business or two separate ones.

**Ms McNally**—I can confirm that the amount under Sustainable Regions is \$451,000.

**Senator O'BRIEN**—That is not including GST, is it?

**Ms McNally**—I will have to check that out. This says \$451,000.

**Senator O'BRIEN**—I have \$496,000, which seems roughly to be eleven-tenths of that, and \$110,000 under Regional Solutions. That is probably \$100,000 plus GST.

**Ms McNally**—I do not have that.

**Senator O'BRIEN**—Do you know what the sustainable agriforestry plan, which was one of the outcomes for this funding, recommended?

**Ms McNally**—I would have to take that on notice.

**Senator O'BRIEN**—Does the steering committee still exist for the RM Williams project?

**Ms McNally**—Not for the Sustainable Regions project.

**Ms Page**—But there is for the current RM Williams centre, yes.

**Senator O'BRIEN**—Who is currently on it?

**Ms McNally**—A member of the department and a member of the Wide Bay Burnett Area Consultative Committee are members of the group.

**Ms Page**—Representatives of the council, Queensland state development, the Williams family, community representatives, the department and the ACC.

**Senator O'BRIEN**—Can you confirm that the ACC gave no formal advice on the Mackay Science and Technology Precinct until late last year despite an application being lodged in July 2004?

**Ms Page**—The Mackay project was an election commitment.

**Senator O'BRIEN**—But didn't the ACC give some formal input into the project late last year?

**Ms McNally**—There were comments late last year, yes.

**Senator O'BRIEN**—Didn't the ACC recommend the project not proceed?

**Ms Page**—The comments, I think from memory, were sought in the context of the business plan that was undertaken for the science and technology centre. A business plan was done in consultation with a variety of organisations, including consultation with the ACC.

**Senator O'BRIEN**—What was the outcome of the consultation with the ACC?

**Ms McNally**—We have not released the ACC comments. We usually do not release those comments.

**Senator O'BRIEN**—Is that why the chair of the ACC was sacked just before Christmas?

**Ms Page**—I think we explained at the last estimates that the government chose not to renew the terms of some ACC chairs and to appoint new ones.

**Senator O'BRIEN**—What does the completed business plan, which was completed in March, say about the viability and future of this project?

**Ms McNally**—That is advice that has been provided to the ministerial committee and a decision has not been made on the project in relation to that advice as yet.

**Senator O'BRIEN**—Have any additional payments been made to the proponent—Central Queensland University?

**Ms McNally**—No. I think the only funding that has been made available is the funding for the business plan. Payments totalling \$163,000 have been made in relation to the development of the business plan.

**Senator O'BRIEN**—When was the last payment made?

**Ms McNally**—On 18 October 2006.

**Senator O'BRIEN**—The \$1.5 million for the Hinkler Hall of Aviation project is being rephased again, I think as you outlined. What is the status of the project now that \$485,000 has been provided by the Queensland government?

**Ms McNally**—Tenders are being called for in May—this month. We have been advised that they expect to appoint a successful tenderer in mid-July this year. There has been some work on the site. There has been site clearing and preparation and water mains redirection and utilities have been connected. There has been some work on business planning and some interpretive works as well.

**Senator O'BRIEN**—So some money has been paid towards the project. How much so far?

**Ms McNally**—A first payment of \$1 million was made on 28 June 2005. That is all.

**Senator O'BRIEN**—When is the project now likely to be completed?

**Ms McNally**—We have been advised that the project is expected to be completed by 30 April 2008.

**Senator O'BRIEN**—That is the date that was given to this committee in May last year.

**Ms McNally**—There has not been a change.

**Senator O'BRIEN**—Has any funding agreement between the Dalby showgrounds project proponent and the department been signed yet?

**Ms McNally**—The funding agreement has not been finalised for that project yet. We are still negotiating key milestones and dates.

**Senator O'BRIEN**—So construction will not commence next month?

**Ms McNally**—No. We are advised—it depends on the funding agreement—that they are expecting to commence in mid-2007.

**Senator O'BRIEN**—It is looking very unlikely, isn't it?

**Ms McNally**—I could not comment on that.

**Ms Page**—The advice we have had is that they are still applying for building approval, so it is consistent with earlier advice about licences and approvals.

**Senator O'BRIEN**—I think you told me earlier the Australian Equine and Livestock Centre project funds have been rephased.

**Ms Page**—Which project is that?

**Senator O'BRIEN**—The Australian Equine and Livestock Centre project.

**Ms Page**—No, I do not think we have spoken about that one.

**Ms McNally**—The tenders were awarded in late April and construction is expected to commence in June 2007.

**Senator O'BRIEN**—When is it likely to be completed?

**Ms McNally**—In May 2008.

**Senator O'BRIEN**—Another project is the Bridport planning strategy. What is the progress of the planning strategy for Bridport? Has there been a funding agreement and milestone payments made?

**Ms McNally**—We would have to take that on notice. We do not have that information with us.

**Senator O'BRIEN**—If it has progressed further, how is the planning study being used? Is the increase in the commitment from \$150,000 to \$165,000 a GST-explained increase?

**Ms McNally**—My colleague has some information here. The final report and acquittal were due at the end of last year. We have been undertaking a number of follow-ups, with the most recent being in March this year. We are still waiting for the final report.

**Senator O'BRIEN**—So some funds have been paid?

**Ms McNally**—A total of \$145,000.

**Senator O'BRIEN**—Is that including GST?

**Ms McNally**—I would say that is GST exclusive.

**Senator O'BRIEN**—It is just that on the website the Commonwealth commitment has grown from \$150,000 to \$165,000. I am presuming that is because you have added GST to it.

**Ms McNally**—Yes. We use the figures in two different ways. In terms of the public information, we usually use GST inclusive, but in terms of keeping our records against our appropriation we use GST exclusive. So the information I normally have here is our GST exclusive costs.

**Senator O'BRIEN**—Has the Bellerive Oval project committed in the 2004 campaign been concluded?

**Ms McNally**—That is the gym and sports medicine complex?

**Senator O'BRIEN**—Yes.

**Ms McNally**—Yes, that has been completed.

**Senator O'BRIEN**—Again, it was a \$300,000 commitment and the website says \$330,000.

**Ms McNally**—That will be GST inclusive.

**Senator O'BRIEN**—The Launceston recreational trails project—\$250,000. Again, plus GST, according to the website.

**Ms McNally**—That has been completed.

**Senator O'BRIEN**—So all payments have been made?

**Ms McNally**—Yes, \$250,000 GST exclusive.

**Senator O'BRIEN**—When was that project acquitted?

**Ms McNally**—The final payment was made on 23 June 2006.

**Senator O'BRIEN**—Has the Lyell district community hall been completed?

**Ms McNally**—That has been completed.

**Senator O'BRIEN**—When was the final payment made?

**Ms McNally**—The final payment was made on 23 January 2007.

**Senator O'BRIEN**—Did the Queenstown skateboard facility project go ahead?

**Ms McNally**—That has been completed for \$35,000 GST exclusive.

**Senator O'BRIEN**—What about the White City Athletics Club Launceston project? Has that been completed?

**Ms McNally**—That is also completed. That was for \$25,000 GST exclusive.

**Senator O'BRIEN**—When was that paid?

**Ms McNally**—The final payment was made on 23 May 2006.

**Senator O'BRIEN**—Have the Emu Valley rhododendron gardens in Burnie been completed? When were the final payments made?

**Ms McNally**—That is also completed. That was for \$200,000 GST exclusive. The final payment was made on 20 March 2006.

**Senator O'BRIEN**—What about the community facilities in Georgetown? The memorial hall?

**Ms McNally**—That has been completed. That one was for \$10,000 GST exclusive. The final payment was made on 29 November 2005.

**Senator O'BRIEN**—The \$10,000 was to the football club to fence the football ground, I think.

**Ms McNally**—I am sorry, I am looking at the football club. Which one was it?

**Senator O'BRIEN**—To Georgetown Council to renovate the memorial hall.

**Ms McNally**—Victoria Cross memorial rest stops. Is that the one?

**Senator O'BRIEN**—No, it is the memorial hall.

**Ms McNally**—What was it called?

**Senator O'BRIEN**—In Georgetown. The Victoria Cross memorial rest stops is a different project.

**Ms McNally**—There is one here called community facilities in Georgetown.

**Senator O'BRIEN**—Yes, that is it.

**Ms McNally**—That one was for \$250,000. That is not yet complete. It is expected to be completed by 31 August this year, but a final payment would not be due until November 2007. The final payment is conditional upon an audited financial statement and financial report.

**Senator O'BRIEN**—Has the Axemens Hall of Fame at Latrobe been completed and has the money been paid?

**Ms McNally**—That has been completed. That was for \$150,000 GST exclusive. The final payment was made on 26 July 2005.

**Senator O'BRIEN**—How much funding has been provided to the council for the Norfolk project at Georgetown?

**Ms McNally**—That project was completed for \$250,000 GST exclusive. The final payment was made on 30 August 2006.

**Senator O'BRIEN**—What about the Cradle Mountain innovative transport system—for a scoping study for an innovative transport system to the Kentish council?

**Ms McNally**—That project was for \$100,000 GST exclusive. That final payment has not yet been made—there is still \$5,000 outstanding. It is dependent on a financial audited statement and a final report, which we are currently waiting for. We have been advised that the report is just waiting for council approval. We should have it shortly.

**Senator O'BRIEN**—The Devonport foreshore project to hire consultants to undertake work and on-costs for stage 3 of the development of the foreshore?

**Ms McNally**—That project has been completed. That one was for \$250,000 GST exclusive. The final payment was made on 19 June 2006.

**Senator O'BRIEN**—And the Victoria Cross memorial rest stops?

**Ms McNally**—That one was for a total of \$60,000. Let me just double-check that. It was for \$66,000 GST exclusive. That project has not yet been completed.

**Senator O'BRIEN**—What is outstanding?

**Ms McNally**—The applicants contacted us and asked for a variation to the project to recognise various milestone timings that they want to change towards the end of the project. For example, they are still waiting for official approval of the design from three authorities.

**Senator O'BRIEN**—What—local government?

**Ms McNally**—I have not got that level of detail, but it sounds like that.

**Senator O'BRIEN**—Thank you for that. In 2006-07, an underspend of \$15.5 million was recorded in the Sustainable Regions Program. Why did this happen?

**Ms McNally**—Are you talking about the budget figures in the 2006-07 year?

**Senator O'BRIEN**—Yes.

**Ms McNally**—We had an overspend in that particular statement.

**Senator O'BRIEN**—How much was the overspend? Maybe I have read it wrong.

**Ms McNally**—Sorry, Senator, it was actually an underspend. So the estimated actual was \$31 million and the budget estimate came in at \$28.2 million.

**Senator Johnston**—That is an overspend.

**Senator O'BRIEN**—That is an overspend.

**Senator Johnston**—It is a bit of an emotional rollercoaster as to whether—

**Senator O'BRIEN**—Show me the money.

**Ms McNally**—For that additional estimate we said we were going to spend \$22.5 million, but it is expected that we will only spend \$7 million.

**Senator O'BRIEN**—So it is a \$15 million underspend?

**Ms McNally**—That is correct.

**Senator Johnston**—So what is it? Over or under?

**Ms Page**—It is under.

**Senator Johnston**—You were right the first time.

**Senator O'BRIEN**—Yes, that is pleasing to know, for a change. What is the reason for the underspend?

**Ms McNally**—The reason for the underspend relates to projects not being agreed by the advisory committees and put up for approval as fast as we would have expected and getting projects finalised to the point of being able to get a funding agreement in place.

**Senator O'BRIEN**—So what happens to the \$15 million?

**Ms McNally**—It gets moved to the out years. We are moving \$2.2 million to 2007-08 and \$13.3 million to 2008-09, so we are effectively extending the program by about 12 months.

**Senator O'BRIEN**—With the Darling Matilda Way sustainable region, how many projects are there? Have they been approved? What are their value?

**Ms McNally**—Funding has been approved for three projects.

**Senator O'BRIEN**—What are they worth? What are they?

**Ms McNally**—The Back O' Bourke Exhibition Centre was for \$3.08 million GST exclusive. There is the Ilfracombe motel for \$589,076 GST exclusive and the Bilby and Endangered Species Tourism and Conservation Centre for \$4.6 million GST exclusive.

**CHAIR**—Where is that?

**Ms McNally**—In Charleville.

**CHAIR**—They spent half a million on the pub at Ilfracombe?

**Ms Page**—It is a new facility.

**Senator O'BRIEN**—Is it next to the pub?

**Ms Page**—I think everything is probably next to the pub in Ilfracombe.

**CHAIR**—That is what I was thinking. I might put in a thing for Orbost. That could do with a bit of a spruce.

**Senator O'BRIEN**—Well, they have got money.

**CHAIR**—And it is very well spent too, Senator O'Brien. These communities appreciate it. No-one else cares much so the government cares, mate.

**Senator O'BRIEN**—And you advertise it a lot. So when were the three decisions made to fund those projects?

**Ms McNally**—We do not have those dates. We would have to get back to you on that.

**Senator O'BRIEN**—How many applications have been received?

**Ms McNally**—The Darling Matilda Way advisory committee has received 32 applications. They met last on 16 May. I understand they are expected to be able to now make recommendations for pretty much all of the funding to the minister.

**Senator O'BRIEN**—How many times did the committee meet?

**Ms McNally**—They have met about nine or 10 times, I understand. We can clarify that.

**Senator O'BRIEN**—On notice you might tell me who is currently on the committee. Do you know if the committee has developed a strategic vision for the region against which it would assess the allocation of grants?

**Ms McNally**—Yes. I understand it went through a consultancy process and then looked at the projects in terms of priorities for the region as a whole.

**Senator O'BRIEN**—Is there a published document of this strategic vision?

**Ms McNally**—No.

**Senator O'BRIEN**—So only the committee has seen it?

**Ms McNally**—I could give you the membership of the committee now, if you like.

**Senator O'BRIEN**—If you like.

**Ms McNally**—The chair is David Boyd. Other members are Kym Mobbs, Stephen Radford, John Seccombe, Geoff Wise, Jenny Barker, Mark O'Brien, Robin Edgecombe, Barry Braithwaite and Peter Yench.

**CHAIR**—A very good committee.

**Senator O'BRIEN**—I must say the women are heavily outnumbered on that committee.

**CHAIR**—A very good committee. Geoff Wise is a very good man.

**Ms McNally**—A former member was Howard Laughton.

**CHAIR**—A former Western Lands commissioner.

**Ms McNally**—John Williams and Scott Bucholz.

**Senator O'BRIEN**—So has the committee undertaken local analyses to assess local needs?

**Ms McNally**—Yes. They identified seven regional priorities for the region. I can tell you what they are. They looked at the development of sustainable, robust and diversified, innovative and value adding industries; the sustainable development of tourism; the emphasis on new markets and new linkages; the alignment of a future skilled workforce with regional needs; the improvement of selected lifestyle and business services; the development of key infrastructure linked to the strategies and needs of the region; the management and improvement of the region's natural assets, and enhanced capacity building and regional development capabilities.

**CHAIR**—That would include the western division, I take it?

**Ms McNally**—The western?

**CHAIR**—What we call the western division of New South Wales.



**Ms Page**—It is a region that starts just below Mount Isa and goes down as far as Hay, doesn't it?

**CHAIR**—That is it.

**Ms Page**—Right to the bottom of the New South Wales border. So it is that western strip of Queensland and New South Wales.

**CHAIR**—It is. And Geoff Wise used to be the Western Lands commissioner of New South Wales so he knows all about it.

**Senator O'BRIEN**—Is a competitive neutrality assessment made of these applications?

**Ms McNally**—We put in place a similar process for Regional Partnerships, so similar issues are looked at.

**Senator O'BRIEN**—Which Sustainable Regions Program funded the million-dollar grant to Metagasco Pty Ltd to accelerate the first supply of gas from the company's coal seam gas project in rural New South Wales?

**Ms McNally**—The Northern Rivers North Coast sustainable region.

**Senator O'BRIEN**—Are there matching funds or other funds that go towards that project?

**Ms McNally**—Yes.

**Senator O'BRIEN**—How much?

**Ms McNally**—I do not have the specific amounts on me. I will have to take that on notice.

**Senator O'BRIEN**—Under the Northern Rivers North Coast Sustainable Regions Program, how many projects have been approved and at what value?

**Ms McNally**—The minister has approved funding for five Northern Rivers North Coast projects.

**Senator O'BRIEN**—What are they?

**Ms McNally**—\$203,150 GST exclusive to Oz Berries Pty Ltd; \$266,250 GST exclusive to the National Marine Science Centre; \$966,000 GST exclusive to Metagasco Ltd; \$475,000 GST exclusive to Coffs Harbour Challenge; and \$60,000 GST exclusive to Business Strategy Corporation.

**Senator O'BRIEN**—How many applications have been received?

**Ms McNally**—Thirty-two applications.

**Senator O'BRIEN**—How much money remains available in that program?

**Ms McNally**—Just over \$10 million.

**Senator O'BRIEN**—How many times has the committee met and when did it last meet?

**Ms McNally**—Nine times. The last time was in February this year. They will be meeting again on 7 June this year.

**Senator O'BRIEN**—Presumably, the committee has undertaken local analyses to assess local needs and has developed specific priorities. Is that correct?

**Ms McNally**—Yes.

**Senator O'BRIEN**—When do decisions have to be made by to allocate the rest of the funding?

**Ms McNally**—The date of 30 June 2007 to have all recommendations made. In respect of the question regarding the priorities that were set for Northern Rivers North Coast, they were around job creation, retention and sustainability with a focus on agriculture, forestry and fishing, manufacturing, tourism, creative industries and health and aged care. The second priority was skilling the region. The third one was youth retention. The fourth was Indigenous employment.

**Senator O'BRIEN**—So it has allocated about \$2 million of the \$12 million that was available?

**Ms McNally**—Yes. There are currently 12 applications that are in the due diligence processes. We are awaiting further information on six applications, which we expect to go through due diligence shortly. These are applications that have received initial support from the advisory committee. There is still one application and three expressions of interest to be considered by that committee.

**Senator O'BRIEN**—How long on average does it take for a sustainable regions application to be assessed?

**Ms Page**—Sustainable regions applications follow a different path to RP because they are developed by the committee over a period and then given to the minister after quite an extensive period of development by the committee. They do not come through the department.

**Ms McNally**—They go through six major steps. First of all, the application is received by the advisory committee and it is assessed by the advisory committee. Then the committee decides whether to recommend the application for funding. It has to be assessed in terms of project viability. Then a recommendation is made to the minister. The department then also provides advice to the minister on the recommendation and then the minister makes a decision.

**Senator O'BRIEN**—So what does that take? Six months?

**Ms McNally**—It could depend on how complex the project is and what are the sorts of—

**Senator O'BRIEN**—Is there an average time?

**Ms Page**—I do not know how meaningful it would be. It also depends on how the projects were generated in the first place. Some SRACs have undertaken expressions of interest processes, which take some time. Then there is a filtering process to identify those projects that they might take forward. So there is a definitional issue about when a project starts as well.

**Ms McNally**—I could estimate. There has been some work done to say that it takes around 4½ months. Then there is time after that for making a decision and so on and providing advice to the minister. If that is another 1½ months you are up to the six-month period.

**Senator O'BRIEN**—I suppose that might deter some but obviously not all.

**Ms Page**—Again, it is not quite like the process of Regional Partnerships. What we are seeing at the moment with those two committees is a wave of projects now coming through after an extensive development period of a couple of years. Typically you do not get projects starting from the outset and then feeding through at regular intervals. What you get is a long lead time while the group organises itself and goes through the process that you have described of defining local priorities, then finding projects, identifying them and working them up. So it is a slightly different profile to what you would get in the Regional Partnerships context.

**Senator O'BRIEN**—Thanks for that. On the issue of the Rural Medical Infrastructure Fund, you talked about an underspend in this area.

**Ms McNally**—As I said earlier, as part of moving funds into forward years, we have moved \$3.5 million of this year's RMIF funding.

**Senator O'BRIEN**—How many applications have been approved in total?

**Ms McNally**—Thirteen, with a total of \$2.1 million.

**Senator O'BRIEN**—And how many applications are currently being considered?

**Ms McNally**—Well, 23 applications have been received, with 13 having been approved and nine currently being assessed. One application was withdrawn. That was as at 31 March 2007.

**Senator O'BRIEN**—How long has the program been running? It was an election commitment in 2004, wasn't it?

**Ms Page**—It was a 2004 election commitment, yes.

**Ms McNally**—1 July 2005.

**Senator O'BRIEN**—You have nearly \$8 million left to spend?

**Ms McNally**—Yes. Out of \$15 million we still have about \$12.5 million.

**Senator O'BRIEN**—How many sites are now operating for rural transaction centres?

**Ms McNally**—Thirty-nine sites have been approved. As at 1 May 2007, 214 of these are understood to be operating.

**Senator O'BRIEN**—There are 214 operational?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—At the last hearing, seven additional centres were to be operational by May. Has that happened? It was this May.

**Ms McNally**—No. There is still work going on to make them operational.

**Senator O'BRIEN**—Was the Jimbour amphitheatre an election commitment announcement?

**Ms Page**—No.

**Senator O'BRIEN**—What process did that go through?

**Dr Dolman**—That was just a normal Regional Partnerships application which was assessed in the normal way.

**Senator O'BRIEN**—An amount of \$173,000 was provided to the Wandoo and Dalby shire councils.

**Dr Dolman**—The figure I have is \$173,146, yes.

**Senator O'BRIEN**—It is pretty close. How many events have been held at the amphitheatre since it was completed?

**Dr Dolman**—There have been seven events held at the amphitheatre since it has been concluded, including three operas.

**Senator O'BRIEN**—Has it received heritage approval from the Queensland Heritage Council?

**Dr Dolman**—Yes. The heritage approval was provided on 14 February this year.

**Senator O'BRIEN**—Is it the case that the applicant for the Mackay Riverside Aquatic Park, Mackay City Council, received a letter from the department informing them that they would have an answer regarding their application for a regional partnership grant for the aquatic park in February this year?

**Dr Dolman**—That is possible. Our normal practice when we receive an application is to send a letter advising when they may expect to receive a decision.

**Senator O'BRIEN**—I understand that an answer to their request for funds has not been provided. They were then told verbally that it would be provided in March. Have they now received any response?

**Ms McNally**—Not yet.

**Senator O'BRIEN**—Why not?

**Ms McNally**—The project is still being considered.

**Senator O'BRIEN**—When was the original application submitted?

**Ms McNally**—I do not have that information. I would have to take it on notice.

**Senator O'BRIEN**—I am told it was some time in the first half of 2006. That is an extraordinarily long time to wait, isn't it?

**Ms McNally**—I do not have all the detail with me. I will have to get back to you on that.

**Senator O'BRIEN**—Has an application been received for the Ulverstone wharf redevelopment?

**Ms McNally**—I will have to take that on notice.

**Senator O'BRIEN**—If so, when was it received? Can we be advised of a timetable for its consideration?

**Ms McNally**—Yes.

**Senator O'BRIEN**—Has the department received an application from the Nillumbik Council for \$3.3 million for a sports centre?

**Ms McNally**—I will have to take that on notice.

**Senator O'BRIEN**—Why are the forward estimates for the initiative of increasing women's representation on regional boards listed as totalling \$4.5 million in the budget paper but \$2.8 million in the forward estimates in the portfolio budget statement?

**Mr James**—This is the women's representation decision making measure?

**Senator O'BRIEN**—Yes.

**Mr James**—It is \$4.5 million over four years.

**Ms Page**—There may be some representation of it somewhere that splits departmental and administered.

**Senator O'BRIEN**—That is what I am trying to discover.

**Ms McNally**—There is \$1 million available, including administered and departmental. It is \$1.2 million the following year, \$1.2 million the year after that and \$1.1 million the year after that.

**Senator O'BRIEN**—Which page of the PBS will I find that on?

**Ms McNally**—Page 14.

**Senator O'BRIEN**—The administered amounts of \$0.6 million, \$0.7 million and \$0.8 million and \$0.7 million are to be provided as grants, as I understand it. Is that right?

**Ms McNally**—They are to do a wide range of things.

**Mr James**—The activities will be funded from a mix of admin and departmental, including the development of a board toolkit for regional boards, partnership initiatives between board candidates in high performing boards, some research into incentives and benefits of diversity of the boards, some actual delivery of regional leadership and skills training for potential board candidates, and some networking projects to try and encourage mentoring and to get women who are board ready for the developed and regional areas. Some of the departmental money—in fact, probably the bulk of it—will be also for research and the design of training courses and things of that nature. There is probably about one staff person funded out of that ongoing over the four years.

**Senator O'BRIEN**—Thank you. In relation to the Year of the Outback, what is the basis for the minister's claim in his media release of 8 November last year that the Year of the Outback program has already shown an estimated value of more than \$300 million to communities across Australia?

**Ms McNally**—That was based on some of the learnings from the previous program.

**Senator O'BRIEN**—Some of the which?

**Ms McNally**—The 2002 Year of the Outback was identified as being quite successful, allowing communities to participate in a wide range of activities.

**Senator O'BRIEN**—Where did the \$300 million come from? Is that the department's calculation or the minister's calculation?

**Ms McNally**—That was the government's decision. I think that would be provided by the organisers themselves, that information.

**Senator O'BRIEN**—Has all of the \$480,000 committed last year been provided to the Year of the Outback consortium?

**Ms McNally**—There has been a funding agreement put in place. A first payment of \$275,000 was made on 16 February this year. The second payment of \$143,000 was on 18 March.

**Senator O'BRIEN**—Did the consortium submit an application for the funds?

**Ms McNally**—No.

**Senator O'BRIEN**—How did this funding arrangement come about then?

**Ms McNally**—Separate appropriations.

**Senator O'BRIEN**—So it was a government decision to allocate rather than an application?

**Ms McNally**—That is correct.

**Senator O'BRIEN**—At the last hearing I asked when and how the consortium was formed. At that time it was not known. Can you provide an answer now?

**Ms McNally**—No. Sorry, Senator, I do not have that information on me. We do not have the specific information. It is made up of some individuals and some community organisations. We would have to take that on notice.

**Senator O'BRIEN**—You could let me know who is on it. Will the consortium be providing a breakdown of expenditure to meet the requirements of the funding contract?

**Ms McNally**—Yes.

**Senator O'BRIEN**—Can that be tabled?

**Ms McNally**—Yes.

**Senator O'BRIEN**—Have all ACC constitutions been amended, given the state incorporated association legislation many of them come under, so that it is the minister who now appoints the deputy chairs of the ACCs?

**Ms McNally**—No. Forty-three of the 54 ACC constitutions have been amended to provide for the deputy chair appointments. Six of the ACC constitutions have been approved by their ACC committees but are yet to be approved by the respective regulatory bodies. One ACC is reviewing and rewriting its constitution and one has had its constitution amended by the regulatory authority.

**Senator O'BRIEN**—That is 51.

**Ms McNally**—Three of the Melbourne metropolitan ACCs that are subject to the boundary changes will be amending their constitutions as part of the implementation of the consolidation process and the boundary review outcomes.

**Senator O'BRIEN**—Can we get a list on notice of the ACCs who have not yet made the changes, for whatever reason?

**Ms McNally**—I can give you those now.

**Senator O'BRIEN**—Thanks.

**Ms McNally**—The Central Murray ACC, the Far North Queensland ACC, the Gold Coast and Regions ACC, the Greater Brisbane ACC, the North Queensland ACC and the South Central ACC. They are the ACCs that have had their constitutions amended and approved by their ACC committees but not yet by the regulatory bodies. The ACC that is reviewing and rewriting its constitution is the Mackay Region ACC. The ACC that has had its constitution amended by the regulatory authority and is clarifying the chair and deputy chair arrangements as a result is the Central Highlands ACC. The three Melbourne metropolitan ACCs will be the South-East Development ACC, North-West Melbourne ACC and the Melbourne East ACC.

**Senator O'BRIEN**—Thank you for that. Has the ACC handbook been updated to reflect the new arrangements, with the minister appointing deputy chairs?

**Ms McNally**—It is currently in the process of being updated.

**Senator O'BRIEN**—Have chairs been appointed yet to the three newly formed Melbourne ACCs?

**Ms McNally**—Not yet.

**Senator O'BRIEN**—When is that likely to happen?

**Ms McNally**—We are expecting it to happen shortly.

**Senator O'BRIEN**—Tomorrow?

**CHAIR**—A very good answer.

**Ms McNally**—Maybe not tomorrow, but shortly.

**CHAIR**—Soon.

**Ms McNally**—Soon.

**Senator O'BRIEN**—In the fluxion of time. When is the ANAO audit into Regional Partnerships likely to be public?

**Ms McNally**—We understand it is expected to be made public in the spring sitting—August 2007.

**Senator O'BRIEN**—We wait with interest. On 18 April, the Prime Minister announced that \$264,000 would be provided to the Karuah community hub. It does not appear on the DOTARS website. Is there any reason for that?

**Ms McNally**—The website was last updated in early March. It is currently being updated. It gets updated about every six to eight weeks so it will be included with the next update.

**Senator O'BRIEN**—When did the proponent lodge an application for funds?

**Ms McNally**—I will have to take that on notice.

**Senator O'BRIEN**—Who is the proponent?

**Ms McNally**—The Port Stephens Council.

**Senator O'BRIEN**—Had this been assessed by the appropriate processes before the Prime Minister announced it?

**Ms McNally**—Yes. It was assessed by the department and assessed by the ministerial committee. They made a decision on 23 March 2007.

**Senator O'BRIEN**—Has a funding agreement been entered into?

**Ms McNally**—No. It has not been completed, but a draft was provided to the council on 10 May for their consideration.

**Senator O'BRIEN**—Did the Hunter ACC recommend this proposal?

**Ms McNally**—We do not provide the information provided to us by ACCs.

**Senator O'BRIEN**—What will the \$264,000 provide? Is that inclusive or exclusive of GST?

**Ms McNally**—It is \$240,000 GST exclusive. It is to expand the capacity for the preschool to include two consulting rooms to support the delivery of children's services and general outreach health and social services.

**Senator O'BRIEN**—So it is a building?

**Ms Page**—Sorry?

**Senator O'BRIEN**—Is it for the purpose of building those rooms?

**Ms Page**—It is to upgrade the Karuah hall to enable it to do those things.

**Ms McNally**—It is essentially a multipurpose type facility that is going to be added on.

**Senator O'BRIEN**—So it is a renovation or a fitout?

**Ms Page**—A bit more than that. It is a redesign, I think.

**Senator O'BRIEN**—Thank you. That is all that I have.

**Proceedings suspended from 4.11 pm to 4.27 pm**

**CHAIR**—We will now pass over to Senator Sterle.

**Senator STERLE**—Ms McNally, if I can go to you; I want to talk about program objectives and priorities in your Regional Partnerships guidelines. One of the priorities is stimulating growth in the regions. Has the department undertaken a quantitative assessment of the results of Regional Partnerships programs to stimulate economic growth in specific regions of Australia?

**Ms McNally**—No. The Regional Partnerships program has a three-stage evaluation strategy attached to it. The first stage was to look at process improvements to the program. The second stage was to look at some of the immediate impacts of individual projects. That second stage evaluation has been placed on the DOTARS website. The third-stage evaluation, which is to look more broadly at outcomes, has not yet been commenced.

**Senator STERLE**—But you have not targeted specific regions?

**Ms McNally**—No.

**Senator STERLE**—What have been the findings of these assessments?



**Ms McNally**—The first assessment identified a number of process improvements and tightening up of the program, which we have been putting in place through rewriting our procedures manual. The second-stage assessment looked at the sorts of communities that get access to funding, the sorts of applicants and the level of partnership contributions in comparison to the amount of money the Australian government puts in. There are quite a wide variety of issues.

**Senator STERLE**—And the third?

**Ms McNally**—The third stage will look at the overall outcomes of the program. The third-stage evaluation has not yet been commenced.

**Senator STERLE**—Are copies of these assessments available to the Senate?

**Ms McNally**—A copy of the evaluation is available; it is on the DOTARS website.

**Senator STERLE**—Only stage 1 at this stage?

**Ms McNally**—Stage 2 I definitely know is there; I would have to check on stage 1.

**Senator STERLE**—How far are we away from stage 1 being put on the website?

**Ms McNally**—We put stage 2 on the website after that was completed. Stage 1 was related to internal process improvements. I am not clear that that was put on the website. That was completed before I started in this position, so I would have to go back and check that.

**Senator STERLE**—Stage 3 we will await with bated breath.

**Ms McNally**—Yes.

**Senator STERLE**—We are still waiting for the third one. Has the department been prevented from analysing the benefits of the program?

**Ms McNally**—No.

**Senator STERLE**—Not at all?

**Ms McNally**—No.

**Senator STERLE**—Has the department undertaken or commissioned a detailed analysis of the disparities in the standard of living in community amenities in the various parts of regional Australia compared to urban Australia?

**Ms Page**—There are a couple of answers to that. The first is that we have undertaken a more general project not directly linked to Regional Partnerships called NREF, National Regional Evaluation Framework, where, with a range of other government agencies, we have sought to map outcomes of targeted government programs across Australia and match them with various socioeconomic indicators. What we have tried to do is to say, 'Look, here's a socioeconomic map of Australia in terms of things such as employment levels, school, educational attainments, various mortality factors. Where do targeted government programs go and what has been the result?' We have done one report of that and we are working on a second series. We have got the government's agreement to maintain that as a time series. That provides us as a department, and any other department that wishes to access it—we do it with a working group of other departments—with quite good information on the nature of the socioeconomic profiles, if you like, of areas across Australia. In relation to Regional

Partnerships, it is directed at four objectives, one of which you read out. It is directed towards growth, structural adjustment, planning—and I have forgotten the fourth one.

**Ms McNally**—Access to services.

**Ms Page**—It is not targeted by the government at particular government-defined objectives. It is a bottom-up program where ACCs and community groups are encouraged to identify the needs for their area and respond with appropriate projects. It is not a program that should be seen in the light, I think, of addressing particular socioeconomic objectives. I think the broader suite of targeted government assistance and other government programs is really a better way of seeing the government's response to those issues.

**Senator STERLE**—Why would it not be set up to compare socioeconomic situations if we are talking about providing funding assistance to rural and regional Australia?

**Ms Page**—It is not just rural and regional Australia.

**Senator STERLE**—Let us just say Regional Partnerships. Why would we not have something that tracks how our cousins in the country are going compared to the major cities?

**Ms Page**—The grants are very small. An RP grant is typically \$200,000. I think it would be very hard, particularly in urban centres and even in larger regional ones, over time, to detect an economic effect from those grants. It is far more useful to do as we have done: to try to aggregate government grants over time.

**Senator STERLE**—There are some rather large grants too, I assume. I wanted to make this comment while we were talking about Regional Partnerships. That is why I asked if there is any detailed analysis on the disparities between urban and rural communities or regional communities. I must admit that while it is indisputable that the wealth generated by regional Australia has been responsible for much of Australia's strong economic performance over the past 10 years, the tax office average taxable income statistics suggest that many parts of regional Australia, especially regional WA, have not shared in the benefits of Australia's economic growth to anywhere near the same extent as many urban areas.

**Ms McNally**—The program is essentially almost like a 24 by seven open program where people can put in applications at any time of the year for almost anything they want to, based on meeting some broad parameters within the overall framework. The idea behind that is to allow communities to work together to identify what are the gaps for them and to be able to have a source of funding that they can put applications in for. Different applications are then assessed individually, taking into account broad concerns within the region. One of the reasons we seek ACC comments is to try and get a bit of that local understanding on whether that is a priority for the region.

We also look at a number of priority areas for the program. Last year the government announced more priority areas, one of which was focusing on small and disadvantaged communities. The government is encouraging those sorts of communities to come forward with projects. It is also encouraging the ACCs, through their charter—we also included those four priorities in their charter—to work more closely with those sorts of communities.

**Senator STERLE**—Yes, I respect that, but I know that one of the priority targets also is the Indigenous communities. I will get to that later. As you say, anyone can apply for funding,

but we obviously do not get access to who has applied for what and on what basis; all we see is what has gone through. I find that still rather difficult, especially talking about regional Western Australia and through the Pilbara and the Kimberley. Has the department undertaken an analysis of the substantive improvements in services available to people living in regional areas that has occurred as a result of the Regional Partnerships program?

**Ms Page**—The Regional Partnerships grants are generally not used for service delivery. They might be used, I suppose, to enhance service delivery, but they are generally for small capital items. They are not used for ongoing operational funding by communities.

**Senator STERLE**—That is very interesting because as part of your program of objectives and priorities, where it talks about improved access to services, it says—

**Ms Page**—Access to services.

**Senator STERLE**—Yes, I understand that. There is a difference between access to a service and not even having a service.

**Ms Page**—And service delivery, yes.

**Senator STERLE**—This is where it is getting very cloudy. It says on your website:

... improve access to services in a cost effective and sustainable way, particularly for those communities in regional Australia with a population less than 5,000 ...

Going back, are the reports of these analyses that you have got available to the Senate?

**Ms Page**—What analyses?

**Senator STERLE**—The substantive improvements to the services for people living in regional areas, if they have occurred. Have you got information where you can show us where services have improved substantially?

**Ms Page**—I think that is indicating a priority area for the program rather than an area for analysis.

**Senator STERLE**—What action has the department taken to enable the regions to attract and retain the skilled workforce that is essential in regional Australia to continue to generate the wealth that is driving the Australian economy, in particular the provision of medical services?

**Ms Page**—There are two answers to that. The first is that the government has allocated funds to the dedicated Rural Medical Infrastructure Fund. We provided advice to Senator O'Brien about the progress of that program. That is to provide facilities for local medical professionals in small communities. More generally, though, it is not the role of the department under the program to assess needs for particular services in particular areas. That is the job of the ACC and the job of anybody who is applying for a project. We respond to projects consistent with the broad objectives that the government has set and assess them according to the guidelines. We do not prescribe those projects that should come forward.

**Senator STERLE**—That is entirely up to the ACCs in the regions?

**Ms Page**—It is up to the regions to identify which projects they consider—

**Senator STERLE**—The ACCs?

**Ms Page**—Yes. As I indicated to Senator O’Brien, it does not preclude other people from coming forward with projects if they wish.

**Senator STERLE**—We are talking about Aboriginal communities. They can come direct; they do not have to go through the ACC. They can come directly—

**Ms Page**—They do, but typically they come through the ACC, I think. We have funded quite a number of Indigenous projects through that framework.

**Senator STERLE**—Talking about health services, for instance, because there are a lot of Aboriginal communities, as you would appreciate, through the Pilbara and Kimberley that are well and truly under 5,000 and would slide out from underneath the radar compared to the larger towns of Karratha, Port Hedland, Broome and so forth. I raise this with you: I have a concern that in the Pilbara region there is the equivalent of 17 full-time GPs to cover an area twice the size as Victoria. Now it is a given that the population of Victoria is certainly a lot larger than that of the Pilbara region, but nonetheless, even ignoring the vast distances that need to be travelled to deliver or obtain medical services compared to most other parts of Australia, the provision of GP services in the Pilbara is half the national average, and that certainly is a travesty in today’s Australia. Do you agree?

**Ms Page**—I cannot comment on that. We are not in the business of providing support services for general practitioners. However, we can provide funds through the Rural Medical Infrastructure Fund for medical facilities in small communities.

**Senator STERLE**—I would like to take that further, because I do have a fair bit to do with the Pilbara and the Kimberley regions, especially in those Aboriginal communities. Just so you do know, for DOTARS’s information, this region in 2005-06 generated no less than \$28 billion in mining activity. What I have seen of the applications that have been granted, there are very, very few to do with health services for Aboriginal communities.

**Mr James**—If I might add, the health programs that relate to workforce and GP provision are funded through—

**Senator STERLE**—I am sorry, I am having trouble hearing.

**Mr James**—The programs relating to medical workforce are funded through the Health and Ageing portfolio.

**Senator STERLE**—I understand that, but access to services is what is on your website. Unless I am completely confused, you do state as one of your program objectives and priorities that you will improve access to services.

**Ms Page**—Through some parts of the Regional Partnership program such as the Rural Medical Infrastructure Fund, I think you could argue that Regional Partnerships does that. The program does not, however, have a broad mandate to provide service delivery or to improve service delivery in a top-down fashion, if you like. We are dependent and the government is dependent upon communities generating those projects for our consideration based on their priorities. That is the way the program operates.

**Senator STERLE**—When you travel through these small Aboriginal communities, the Third World conditions in which they live are appalling. There are some very worthwhile projects that have been funded in the Pilbara and the Kimberley, and there are other projects

that you think are great, but it is just not being distributed evenly, I do not believe. If that is a breakdown with the ACCs, I do not know, I am not going to condemn anyone. I do not know what hard work they are putting in, but certainly of the \$28 billion out of that region that has been generated in 2005-06 not enough is being put back into the smaller communities that are off the main road and do not have the attraction of tourist sites, bitumen roads, ports, swimming pools and all sorts of stuff like that.

I would like to ask a few more questions on the small disadvantaged communities. When I say 'small disadvantaged communities', I do not want to mislead the Senate; I am talking about those Aboriginal communities. What specific action is the department taking through the Regional Partnerships program to address these priorities particularly in respect to Aboriginal people living in regional Australia?

**Ms Page**—It is not the department's role particularly; it is the government's role to set the policy framework for the program. The government has certainly indicated to ACCs that it regards a priority area for them is the generation of projects for small and disadvantaged communities, and the government encourages ACCs to concentrate on developing projects in those areas.

**Senator STERLE**—The Regional Partnerships guidelines clearly say:

In addition, each year the Australian Government identifies areas that are priorities for funding under the program.

**Ms Page**—Yes.

**Senator STERLE**—Like you said, it has the government's four priorities, and it mentions, as I have said, Indigenous communities, youth, economic growth and skill development, but are you telling me that when you read further in it is completely up to the ACCs to do it?

**Ms Page**—That is the way the program operates as a whole. That is the framework that the government has given for the program.

**Senator Johnston**—What happens is that you have to have an idea and you have to put the idea into an application. The issue is that a number of Aboriginal organisations have been the beneficiaries of funding, but they have been people who have been in the larger regional cities like Geraldton, Carnarvon and places like that. The isolated communities that you and I would know—Warburton, Blackstone, Billalooona et cetera—have their own source of funding. They are virtually totally dependent upon the Indigenous affairs department to provide them with funding for various projects. Those projects are probably, in some respects, not within the purview of what was intended by Regional Partnerships funding. Firstly, I do not think any projects would be applied for out of those communities. If they were applied for, they would probably go to their own department or to the state department for assistance. That does not preclude them from getting Regional Partnerships funding. It just seems that they do not naturally flow into this program. As I say, if they did and if one came forward, they would probably get the funding.

**Ms Page**—We have funded one, I think the arts centre at Balgo.

**Senator Johnston**—The arts centre at Balgo is a good example, but there are not many like that. We would encourage them, but usually you find that if they want the swimming

pool, they go elsewhere. If they want the new extension on the school block or the library or something like that, they will do something else.

**CHAIR**—We are about to impose some discipline on the process here.

**Senator STERLE**—I take that on board, Minister, because I think a lot of Aboriginal communities do not actually realise that they could possibly make application to get access to services other than skate parks, which are all important.

**Senator Johnston**—Probably not.

**Senator STERLE**—I thank you for that answer.

**Ms McNally**—Just on that note, staff from the regional offices of the department actually attend Indigenous coordination centre meetings and provide advice about the program. We provide advice regularly to the ACCs as well in relation to Indigenous projects.

**Senator STERLE**—That is great, but maybe we can also advise them through the ACCs that there are a raft of other funding requirements that they could make application under this scheme to to achieve.

**Ms McNally**—Yes, Senator.

**Senator Johnston**—Some of the guidelines are a little bit difficult for them because there is a leverage factor of one to three. I do not know whether that still applies, but in the last set of guidelines with which I was familiar there had to be a leverage factor of one to three. So for every Commonwealth dollar the partnership had to yield three other dollars. That can be pretty difficult to achieve out in the middle of the Western Desert.

**Senator STERLE**—It certainly can. I agree with that. What proportion of Regional Partnerships program funding has gone to Australia's capital city and adjoining urban area projects?

**Ms Page**—We will have to take that on notice.

**Senator STERLE**—If you can, can you take on notice what proportion of program funding went to Sydney and Melbourne and adjoining urban area projects as well?

**Ms Page**—Certainly.

**Senator STERLE**—Does the department regard itself as having a role to play, as part of its regional services responsibilities, in ensuring that people living in the 21st century in rural and remote Australia have access to, for example, medical services?

**Ms Page**—I think I have answered that.

**Senator STERLE**—You are definitely acknowledging that; that is good. I just want to talk briefly about the \$12.7 million from the DOTARS Regional Partnerships program that was diverted to the government's Sugar Industry Reform Package back in 2004. The total package, I believe, was worth \$444 million. Why did the government raid the DOTARS Regional Partnerships program to give money to the already well-funded sugar industry reform package?

**Ms Page**—It was a policy decision of government at the time.

**Senator STERLE**—Did DOTARS have any input into the decision to transfer funds out of the Regional Partnerships program?

**Ms Page**—It was a policy judgement of government at the time.

**Senator STERLE**—Has DOTARS received progress reports on the expenditure of this money, including where the money has been spent and the specific purposes for which the money has been used?

**Dr Dolman**—Yes. That money was administered by the Department of Agriculture, Fisheries and Forestry and we did receive a report back from that department on how the money was used.

**Senator STERLE**—Can that be made available to the committee?

**Ms Page**—We will take that on notice.

**Senator STERLE**—Has there been any other borrowing or raiding of DOTARS Regional Partnerships program funding by other portfolios?

**Ms Page**—Not in my memory of the last two years.

**Dr Dolman**—I do not believe there has been.

**Senator STERLE**—On that, I thank you very much.

**Ms McNally**—Can I just answer two questions that were asked on notice previously?

**ACTING CHAIR (Senator Adams)**—Yes.

**Ms McNally**—Ministerial approval dates for the three Darling Matilda Way projects: the Back O’ Bourke project was approved on 28 November 2006, the Ilfracombe hotel on 1 March 2007 and the bilby centre on 27 March 2007. The other question was in relation to the Australian Outback Development Consortium and who the members were. The chair is Bruce Campbell and the three directors are John Amos, Stan Wallace and Fiona Campbell-Maybury. The information with regard to the membership of that consortium can be found on the consortium website, which is [www.outbackinfront.com](http://www.outbackinfront.com).

**ACTING CHAIR**—Thank you very much.

[4.51 pm]

### **National Capital Authority**

**CHAIR**—Welcome. Before you begin your questions, Senator Lundy, I would like to ask just one question.

**Senator LUNDY**—Let me guess what that might be about.

**CHAIR**—You already know, because I have told you. What happened to the toilets?

**Ms Pegrum**—We have had discussions now with Minister Billson and with Minister Lloyd’s office. Minister Billson does not support toilets as an appropriate use on Anzac Parade and he has asked that the NCA liaise with the ACT government in relation to block 1, section 5, Campbell, which is a northern site, east of the parade, in the park.

**CHAIR**—Is that the one where there is already a building?

**Ms Pegrum**—That is the depot. That is the second site that we have been asked to discuss with the ACT government. That is block 3, section 39, Reid. Minister Lloyd's office has advised verbally that he accepts Minister Billson's position. On that basis, we have entered into negotiations with the ACT government. They have, through the Department of Territory and Municipal Services, written back to us advising that the park does not seem to have current uses that are of issue to them but that the depot is currently utilised for the City Rangers and is not available. We are now in a position where we will be going back to discuss in more detail with them the provisions of acquisition of part of the park.

**CHAIR**—If I can assist you in any of that, I am on board.

**Ms Pegrum**—Thank you. I will pass that on to Minister Lloyd.

**CHAIR**—Thank you very much for that.

**Ms Pegrum**—Both the ministers have also supported the construction of shelters, seats and drinking fountains on the parade, in the locations that were previously agreed for the toilet facilities. That is where we are at the moment.

**CHAIR**—Thank you very much.

**Senator LUNDY**—I would like the NCA to provide the committee with an update on what happens next as a result of the Griffin Legacy amendments being in place and the disallowance motion having been resolved. In particular, given there were so many concerns raised through the roundtable process conducted by the Joint Standing Committee on the National Capital and External Territories, what opportunities exist for those concerns now to be factored into the ongoing thinking and planning that will occur as a result of the Griffin Legacy amendments being in place?

**Ms Pegrum**—I think if we distil it all down, the primary sorts of issues that were raised related to the amount of detail that was in the amendments and, in some people's views around the table, absence of sufficient detail in master planning and urban design guidelines. The position that we have at the moment is that we have advised that we will be liaising and using as a peer review representatives of the Royal Australian Institute of Architects, the Australian Institute of Landscape Architects, the Planning Institute of Australia and Engineers Australia. We have met with them twice since the roundtable and have agreed that they would nominate representatives on each of the urban design guidelines and/or master plans as they are developed. The first cab off the rank in relation to that will be the urban design guidelines that we are developing for the ACT government's release of section 63, City Hill.

That is, if you like, going to be the test case for peer review and consultation with those institutions on those urban design guidelines. Then we will be discussing with the ACT government how they intend to progress those after we have signed them off with them. The Griffin Legacy Forum will continue to operate. It includes the Department of Defence, the Department of Finance and Administration, the ACT Planning Authority and a representation from the ACT Chief Minister's Department. They also will continue to have input to those guidelines as they are developed. As we said, we will be seeking the ACT government's acceptance of urban design guidelines as it affects their land.



We also have on the table designs for the redevelopment of the RSL site. They have not been formally lodged but we have been asked to provide some comments on the preliminary assessments, and we will be doing that. We have not received anything from St John's or the Canberra Institute of Technology at this stage. That is the approach at this time that we are looking at taking—

**Senator LUNDY**—Within the Constitution Avenue precinct?

**Ms Pegrum**—Yes, they are both on Constitution Avenue. With respect to the implementation coming out of the budget, we had meetings last week with public servants from Territory and Municipal Services in the ACT government, with the ACT Planning and Land Authority's chief planning executive and with representatives of the ACT Chief Minister's Department. We have also had a very preliminary briefing with the new Minister for Planning, Andrew Barr, but it was really a goodwill meeting to introduce ourselves and to highlight that these are some of the things that will be brought to his attention to the future. Those meetings with the bureaucrats from the ACT to which I referred were in relation to the gazetted roads that have been identified as part of the budget considerations and the issues, if any, surrounding their gazettal as national land so that implementation of the budget program can proceed.

If all goes well with that, our intention is to be in a position where we are able to start looking at expressions of interest in potentially July or August, with a view to progressing design development proposals for Constitution Avenue and for the overpass beyond those that have been prepared to date. We have agreed that we will be consulting on those design proposals, as they are developed, with the general community and obviously with the ACT government.

**Senator LUNDY**—Will you have peer review on consultation process attached to the Constitution Avenue redevelopment, and Kings Avenue?

**Ms Pegrum**—That is our intention, yes.

**Senator LUNDY**—With respect to the urban design guidelines, can you outline a more detailed description of the sorts of elements that such guidelines would contain and how they would impact on the proposed development?

**Ms Pegrum**—I can use perhaps as examples the ones that we used for the National Portrait Gallery design competition and ones that we prepared for consideration of the ASIO development on Constitution Avenue. Those took the form of what we call posters. They went through looking at things like access, frontage, landscaping considerations, pedestrian access, built form, urban structure and the like. They described those by way of diagrams and text and made reference to other legislation where applicable, like EPBC referrals or heritage citations. That is the form that those took. That is the way we intend to prepare the ones for the City Hill development. If the peer review suggests that that is not sufficiently robust, we will of course reconsider that. But, to date, the most recent ones have been prepared in that format.

They do not seek to replace architectural or design briefs and they do not seek to duplicate building compliance issues or Australian standards. We take that as a given. They do not necessarily say, 'X building shall be here,' or describe what the nature of the building will be. But, on the ASIO ones, for example, we were concerned about where structured car parks

might be because that was a critical component in their design functional brief considerations. That is the way in which we intend to produce them, subject to the advice that we get from those peer reviews.

**Senator LUNDY**—So the urban design guidelines would be something that the engaged architects would use as a reference point?

**Ms Pegrum**—That is correct. They would usually go out with, in the case of section 63, the tender documentation, whatever requirements the ACT government might want for the sites—they might not wish to prescribe specific uses or they might choose to—and any other requirements that the developer or owner of the land might have. They would, in a way, describe what the specific issues will be that the authority will take into consideration when a development application is made.

**Senator LUNDY**—So it would be the urban design guidelines that could in fact pick up some of the issues of concern raised at the roundtable like building height, like solar passive, like environment trees, open space around the buildings, that kind of thing?

**Ms Pegrum**—We contend that they were picked up in the amendments. The amendments actually have provisions for things like best practice in environmental design; they picked up water-sensitive design, building heights, landscape requirements and also things like pedestrian access. What the urban design guidelines will do is go a further step and identify for specific sites what additional or new considerations might be taken into account, like whether there are specific setbacks, the character of, say, laneways that might be required, whether there are specific heritage considerations on a site and whether there are particular functional examples. For example, on section 63, we have been discussing with the Territory implications for car parking provisions, the relationship of built form to other buildings in that area and the way in which the development of that site might address the future extension of Edinburgh Avenue which is now possible under the amendment. So, that is the nature of them. I would be happy to provide a copy of the National Portrait Gallery ones as an example and, if it is acceptable to the department of finance, the ASIO ones. They are the client for that, so I cannot provide those without their agreement, but the others are public record.

**Senator LUNDY**—Okay. Thank you for that. With the peer review and consultation process for these urban design guidelines, will the considerations of that peer review be a public document? Will the discussions and the issues raised, contemplated and determined by that group be a publicly available document?

**Ms Pegrum**—That is the intention, but that document going out for public consultation unlikely—although that is something we will be discussing with the ACT government.

**Senator LUNDY**—No, I am not asking if that it go out for consultation, although I suppose that could happen, more that it be made public so there can be some public scrutiny and therefore some accountability attributed to that group for the work they are doing.

**Ms Pegrum**—That is our intention. Obviously the group will have the right to sign off on which components of the discussion and the minutes they are comfortable with making public, but that is the intention. We have also said that development applications through our consultation protocol will be subject to public consultation, as required by the plan.

**Senator LUNDY**—Have you included your public consultation on your consultation protocol?

**Mr Rohl**—We received the last submission on 28 April, from the Walter Burley Griffin Society, and we are in the process now of finalising the protocol to have it formally released.

**Senator LUNDY**—When do you expect to be able to release that?

**Mr Rohl**—I hope to release it sometime in the next month.

**Senator LUNDY**—Will that reference the peer review and consultation process that you have outlined today?

**Ms Pegrum**—No, it does not, because the peer review has come post the original consultation protocol, but the authority today discussed the peer review and signed off on it and agreed that that would be the process adopted.

**Senator LUNDY**—Are you able to provide the committee with a document about the peer review process?

**Ms Pegrum**—Yes, once we formalise that with the ACT government and the institutions.

**Mr Rohl**—I will just correct what I said: the date of the last submission was 18 April 2007, not the 28th.

**Senator LUNDY**—Just going back to the Griffin Legacy amendments, one of the issues that was raised at the roundtable was the plight of Mr Spokes, the bicycle hirer on West Basin. What engagement and consultation has the NCA sought with Mr Spokes following his concerns being expressed in that forum?

**Ms Pegrum**—Senator, we refuted some of the concerns Mr Spokes made and we provided detailed information of that to the roundtable as part of their consideration. I do not have that here but I would be happy to table that same response for this committee.

**Senator LUNDY**—Yes, if you could. Do you know if his concerns have been allayed?

**Ms Pegrum**—Part of his concerns were when he was consulted, and the advice we provided—and I stand to be corrected—was that he was well aware of the provisions in what were then the draft amendments prior to his signing his lease or equivalent arrangements with the ACT government. I believe the ACT government supported that position; hence our comments.

**Mr Rohl**—I can add that there have been subsequent meetings with Mr Shanahan and Ms Edwards in relation to this matter and we are engaged in ongoing discussion with them in terms of their concerns, the approach and how we are dealing with them.

**Senator LUNDY**—I would presume that it was entirely feasible for them to negotiate a different location around the lake, given that their business may be affected by future development proposals. Is that something that is there as a possibility?

**Ms Pegrum**—That really would be up to the ACT government to determine because it is territory land. So the planning provisions are there that allow—

**Senator LUNDY**—So it would be up to the ACT to allow him to go somewhere else on territory land?

**Ms Pegrum**—That is correct.

**Senator LUNDY**—Can you rule out allowing a similar business or are you saying that you will never approve a similar business on national capital land on the lake foreshores?

**Ms Pegrum**—To Mr Spokes?

**Senator LUNDY**—No, just generally. One of the issues raised was that he might be placed at a disadvantage, that the NCA might approve another business to operate on national capital land. I do not have a problem with competition but I think it is a fair thing to place on the public record whether it is the NCA's intention to approve business operations of that nature elsewhere around the lake, on national capital land.

**Ms Pegrum**—It is possible, and certainly my understanding is that the ACT government made no considerations to him about exclusivity of his particular type—

**Senator LUNDY**—I am not suggesting that they did.

**Ms Pegrum**—So, yes, it is possible. In fact, we are considering going out with an expression of interest for the two kiosks—

**Senator LUNDY**—I was going to ask you where they were.

**Ms Pegrum**—in the Parliamentary Zone, which is not specific about their prescribed uses. For example, there might be a possibility that they say, 'Can we have a bike hire operating from part of one or one?' So, yes, the possibility is there.

**Senator LUNDY**—There would be nothing to preclude the Mr Spokes business from tendering on that expression?

**Ms Pegrum**—Certainly not.

**Senator LUNDY**—Okay. I just think that it is important to make that clear—that you are contemplating those kinds of business operations on the land that is under your control surrounding the lake.

**Ms Pegrum**—Yes.

**Mr Evans**—I might add that there are already a number of businesses around the lake. For example the Waters Edge restaurant operates on the lake edge. There are a number of concessions which operate on a periodic basis over summer as temporary people who turn up with coffee machines and so forth. There are already a number of activities of a business nature which do occur around the lake.

**Senator LUNDY**—With respect to the budget decision on the roads and Kings Avenue, you described a meeting of various involved agencies from both the ACT government and the federal government to resolve it.

**Ms Pegrum**—This is last week? In the last week or so since the budget, yes.

**Senator LUNDY**—Yes. Can you just provide a little more detail about precisely what arrangements need to be put in place with respect to the gazettal of those roads and any transfer of ownership or control to the federal government as a result of these budget decisions?

**Ms Pegrum**—The transfer would be subject to the provisions of the Australian Capital Territory (Planning and Land Management) Act 1988 and the earlier Lands Acquisition Act, I believe. The intention would be to look at the provisions in terms of what is described in those acts as reasonable compensation. The budget provisions that were made are on the basis that the roads be provided to the Commonwealth so that it would then proceed to expend on the capital works and on the maintenance of the roads. Subject to the territory's agreement to that, the roads would then be gazetted as national land, and that is really the final component of the process.

**Senator LUNDY**—Thank you. Just going to issues around the lake: some time ago we became aware that the water police station had been purchased by a private owner for the purposes of—as I think it was reported at the time—a restaurant and/or a bed and breakfast style commercial facility.

**Ms Pegrum**—Yes. I recall that.

**Senator LUNDY**—Can you tell us what is the status of that particular physical building at the moment?

**Ms Pegrum**—This is from memory, and I will correct it if I am wrong here. At the time there were questions about whether we were going to propose amendments to change the use of the land at that site. I believe that we answered at the time that we would not contemplate a change in use for the site unless the water police no longer intended to use it for that purpose; then we would have discussions with the ACT government regarding what the future uses might be. To my knowledge, there has been no change in that status.

**Senator LUNDY**—Right. So it is owned by a private owner and it is leased by, presumably, the AFP for the purposes of providing the water police?

**Ms Pegrum**—I believe so, but I would have to check that with the department of finance because they are not our leases.

**Senator LUNDY**—Would you be able to take that on notice and give the committee an update on that?

**Ms Pegrum**—Absolutely.

**Senator LUNDY**—What is happening with Immigration Bridge?

**Ms Pegrum**—There is the Immigration Bridge group, and they have got their website up and running and are raising funds. At this stage nothing has changed from our position. We have supported the location of a bridge in that area and we have supported the commemorative intent for it to be Immigration Bridge, and that is really the status of the proposal. As part of that, there were discussions with the ACT government about, if the bridge went ahead, what would happen on the southern side of the lake where it hits the land. The ACT government advised that in that case they would be prepared to gazette that portion of the land as national land so that the asset would be wholly the responsibility of the Commonwealth. The indications of that, I believe, were included in draft amendment 53 for the Albert Hall precinct.

**Senator LUNDY**—Yes. I will come to that one. What about the feasibility study on the rowing course?

**Ms Pegrum**—That has been completed and went to the authority—

**Mr Smith**—The first stage of that work has been completed and was considered by the authority in March this year.

**Senator LUNDY**—What was the outcome?

**Ms Pegrum**—We would be happy to provide the feasibility study to you. It has basically shown that there is the potential. I think there were two options identified, but they do have fairly significant effects on some land and potentially involve lake dredging. The intention is to provide that now to the Australian Institute of Sport and say to them, 'Here's a possibility, but clearly there's no funding available for it.' I believe the funding was in the order of—

**Mr Smith**—It was in the order of about \$30 million. There were two options, the bulk of that being the result of the extensive lake dredging that was required to get the required water depths.

**Senator LUNDY**—The feasibility study has been completed, and you mentioned it was stage 1. Is there a stage 2 plan? Why is that just called stage 1?

**Mr Smith**—That is because our intention is then to bring on other stakeholders to see if the project will be further developed.

**Ms Pegrum**—Really, we did not select a preferred option for the two potential courses. Stage 2 would be, if the AIS believes that there is potential in this, to sit down and look at which of those options is the best way forward and then see what other stakeholders need to be involved.

**Senator LUNDY**—You say there were two options. Did the NCA board support one or the other of those options?

**Ms Pegrum**—No.

**Senator LUNDY**—Was that expected or was it expected that the NCA board would support one of them to progress it to the next stage?

**Ms Pegrum**—No, it was not. It was really to indicate that either of these options is available, subject to further study, but at this stage we should involve more of the stakeholders that would be critical to the project. That is where we are at the moment. I would be happy to provide the report.

**Senator LUNDY**—Thank you. Tell me what happens next as far as the NCA's role in progressing that particular initiative is concerned.

**Ms Pegrum**—Our role at this stage is to brief the AIS on the proposal and to see what, if any, interest they might take in a facility of this nature.

**Senator LUNDY**—Was that always the plan with the feasibility study, to take it to the AIS?

**Ms Pegrum**—Yes, because it would become a primary sporting facility for elite athletes and for their sports. If it was not going to be utilised in that way it really would not be appropriate to expend further money on design development. That is the status of it.

**Senator LUNDY**—The NCA is now looking for that feedback, if you like, from the AIS to say they support one or other of the options, and then you would come together as two organisations that would build the next level of the case for the project.

**Ms Pegrum**—Of the design development, that is correct. They may support one or other of the options, but we do not even know if they will support the proposal at this stage and we need to find that out.

**Senator LUNDY**—What is the time frame for that? Have you already written to them? Do they have a copy?

**Ms Pegrum**—We have not written to them yet, but it is in our program to get that done and it will be sooner rather than later.

**Senator LUNDY**—Why haven't you written to them already?

**Ms Pegrum**—There have been other priorities in the last month or so since we took it to the National Capital Authority.

**Senator LUNDY**—To the board meeting in March?

**Ms Pegrum**—That is correct.

**Senator LUNDY**—Are you taking it to any other potential stakeholders?

**Ms Pegrum**—Yes. I believe that our chairman has mentioned it to the chairman of the Australian Olympic Committee to determine whether they would have any interest. We will provide the report to them as well. They are the only two major players at this stage that we are intending to go to—because they are the significant ones, obviously.

**Senator LUNDY**—Regarding other lake related activities, I will come back to the golf club, but I would like to sort out just a few other bits and pieces. For the record, can you tell the committee what was the final outcome of the visitor parking provisions on the Becton development on State Circle?

**Ms Pegrum**—Yes, we can; we are just finding the briefs.

**Mr Rohl**—There were 15 visitor car parking spaces provided.

**Senator LUNDY**—Fifteen?

**Mr Rohl**—Yes.

**Senator LUDWIG**—That was a good outcome then, wasn't it.

**Ms Pegrum**—A very good outcome.

**Mr Rohl**—It was.

**Senator LUNDY**—Just more about parking: you mentioned the issues of traffic and parking that need to be considered in the context of urban design guidelines. This is obviously a key issue in everyone's concerns about the impact of the developments which may occur under the Griffin Legacy amendments. I am very conscious that there have been all sorts of discussions about parking in the Parliamentary Triangle and several parliamentary inquiries and so forth. What is the NCA's general approach to the issue of traffic and parking in the context of the Griffin Legacy amendments and other amendments such as DA53, the Albert

Hall amendment, given again that traffic and parking came up as a primary concern of people right across the central precinct of Canberra? It was obviously responded to in some of the budget statements with regard to the changes to roads, but I would like to get a sense of what level of priority the NCA is putting on this very important issue.

**Ms Pegrum**—I suppose the most significant change from a statutory planning framework is that the Griffin Legacy amendments call up the ACT's parking and traffic provisions. In effect, we have agreed now that we will meet their parking requirements. That is a fairly significant step to have taken, and it is our intention to continue to do that with future amendments unless there were matters of national interest potentially associated with diplomatic residences and the like, none of which I know of at this time but which could occur in the future associated with particular sites. The general intention is now to call up the territory's parking provisions. Those parking provisions are out at the moment with their strategy and there has been—

**Senator LUNDY**—They are being consulted on at the moment, aren't they?

**Ms Pegrum**—They are. There have been some statements through the media about whether or not the ACT government will continue to support the draft that is out for consultation at the moment, and I know that industry is commenting quite widely on that. That is our intention, and, by statute now through the Griffin Legacy amendments for those areas, we will meet those requirements. As a protocol, we will also seek to do that for other sites.

**Senator LUNDY**—In the Parliamentary Triangle where it is solely your responsibility?

**Ms Pegrum**—In the Parliamentary Triangle it is not quite that simple because of the nature of development in that area. The nature of the buildings that are provided in the national triangle, like the National Portrait Gallery, really do not have a precedent in the parking standards. For example, when we were working with the Portrait Gallery group looking at parking provisions, we looked at comparable types of buildings, whether they were assembly halls or cultural buildings in the ACT, and the levels of parking there. I believe that the levels that we supported were comparable, but it is just not such a clear building type as is outlined—

**Mr Rohl**—Under the standards.

**Senator LUNDY**—So are you saying that the territory plan does not specify the parking proportions for that type of building?

**Mr Rohl**—I understand, Senator that it does for tourist facilities and the like, but, with regard to making that justification for the different types of facilities I am not aware of it having the same sorts of standards that would apply to developments of that scale.

**Ms Pegrum**—Whilst we are trying to meet those standards, they are still a subject for discussion. Mind you, there are not that many new buildings in the Parliamentary Zone. With respect to parking in the Parliamentary Zone itself, the NCA policy is still that paid parking should be introduced and that that should still occur at the same time as paid parking is introduced on roads in the Barton area for development. You would be well aware of that position that we have held for some time.



**Senator LUNDY**—I still disagree with it.

**Ms Pegrum**—We will just have to agree to disagree on that one—between the authority and you.

**Senator LUNDY**—But you are right, you have made earnest efforts in the past to try to introduce paid parking—unsuccessfully so far.

**Ms Pegrum**—With respect to general traffic considerations, for example—

**Senator LUNDY**—Just before we go on to traffic, can you outline for the committee—and it is difficult, I know, because these parking issues are now out for consultation—what it provides for visitor parking in non-commercial and residential multi-unit developments?

**Ms Pegrum**—I do not think I can. I would have to take it on notice, unless Mr Rohl has that information. I just cannot, from memory, recall what is in the strategy that is out at the moment.

**Mr Rohl**—I think the best answer for that is that, as we said previously, for those areas we would be applying the ACT standard for residential or multi-unit dwellings—under their standard.

**Senator LUNDY**—Given the issues we experienced with the State Circle development, which is completely under your control—and I know we debated long and hard about what the provisions should be because of the way the National Capital Plan was worded—what I am concerned about is that I want to try to ensure that there is always visitor parking within the footprint of multi-unit developments because of the traffic issues that occur, particularly in suburban areas.

**Ms Pegrum**—Absolutely.

**Senator LUNDY**—The tall residential towers along Northbourne Avenue, for example, get really congested in the streets behind them and that is causing safety issues in those communities. I think that is not your fault; I think it is a problem that needs to be addressed and I presume it will be as part of the ACT government's parking consultation process.

**Mr Rohl**—An example of that is that we certainly did apply that standard and that approach to similar properties on State Circle where, from memory, they had nine visitor car parking spaces in the basement. That said, I am not aware that the ACT standard is not as direct or as prescriptive in terms of its application of car parking standards and that parking should be in the building or on the street. It is still discretionary, unless it has changed recently, that it could be either/or or a combination of both.

**Ms Pegrum**—Senator, you would be aware that part of the consultation around the parking standards really is this issue of some groups in the community wanting higher levels of parking provided versus sustainability issues associated with parking levels and generating additional cars on our roads. It is not an easy balance to achieve and I think that consultation will take its course. Would you like me to address some of the traffic issues that you raised?

**Senator LUNDY**—Yes, thank you.

**Ms Pegrum**—Certainly, the discussions with the Territory and, as we have said before, the proposals associated with the Griffin Legacy were done in the context of the overall roads

strategy for the ACT and the arterial and peripheral roads that are in place or are proposed for the future. We will be continuing that consultation with the Department of Territory and Municipal Services and the ACT Planning and Land Authority in relation to the construction works that we are looking at on Constitution Avenue, but we have had a significant level of professional advice and traffic considerations associated with the work to date.

With respect to the perhaps more public discussions at the moment around draft amendment 53—the intersections of Flynn Drive and Commonwealth Avenue and, on the other side, Bowen and Kings Avenue—we have been doing very detailed traffic analysis and assessments and we have been looking at different ways that those intersections can be achieved. We have committed to a public workshop on those traffic issues associated with DA53. I should add, however, that DA53 is not required to put in place those traffic arrangements, because those considerations were undertaken as part of the Parliamentary Zone review and, under the current plan, the majority of the area to the north of Albert Hall is road reservation. So it is really coming down to taking into account community concerns about what those changed traffic conditions might mean and also, of course, the ACT government's position in relation to any changes to the roadworks.

**Senator LUNDY**—They would have to approve any change?

**Ms Pegrum**—For roadworks that would extend across Commonwealth Avenue at the moment and into what we are terming the Albert Hall precinct—they would have to be in agreement with those. Certainly, just as a regulator of traffic, we would be seeking to reach agreement with them. The same goes for the eastern side of the Parliamentary Zone and Bowen Drive, and I think you have asked questions in the past about some of the issues associated with access there for pedestrians, which is not as easy to achieve as with the ramps up to Commonwealth Avenue bridge on the western side because of the gradients and the way in which those loops interact with Kings Avenue. We are also looking at a traffic solution for those, and we will be going out and consulting on them once we have got firmer proposals.

**Senator LUNDY**—What draft amendment will that be?

**Ms Pegrum**—It will not require a draft amendment, nor, as I said, will the ones associated with what is out for DA53, because they were built into the plan under the Parliamentary Zone review and the current uses for land in the Albert Hall precinct are road reservations.

**Senator LUNDY**—Very interesting. Can you outline to the committee what stage the consultation process of DA53 is at, including a full description of the announcements by the chair of the NCA board, mid-process? I am looking for a sequence, a time line of what has gone on to date.

**Mr Rohl**—Senator, the submissions closed on 4 May 2007. The decision of the authority on 2 April was, firstly:

- agreed not to proceed with a 25-metre landmark building ... to ensure primary uses will not be commercial and to consider as an alternative ... a future low-scale public building ...

That was in relation to a number of issues that were raised about the landmark building, the eight-storey building.

**Senator LUNDY**—That was the one that, on the draft amendment, would exist pretty much where the loop going up to Commonwealth Avenue is on the western side of Commonwealth Avenue?

**Mr Rohl**—That is correct—in that proximity.

**Senator LUNDY**—So the NCA board determined they would not proceed with the eight-storey building?

**Mr Rohl**—That is correct.

**Ms Pegrum**—That is correct—and that was on 2 April.

**Mr Rohl**—Secondly, on 2 April the board agreed to reconsider, with the agreement of the ACT government, the proposals for land north of Albert Hall, and that was to become public lakeside parkland.

**Ms Pegrum**—Actually, do you want to read that again in the exact words. Senator, we have the minutes, so I would prefer if Mr Rohl read the exact words out.

**Senator LUNDY**—Yes, sure.

**Mr Rohl**—The authority:

- agreed that the balance of the land north of Albert Hall be reconsidered as a public lakeside park (open space) subject to the agreement of the ACT Government ...

**Senator LUNDY**—Did you say the ACT government had agreed to that?

**Mr Rohl**—No, they have not agreed to it at this point.

**Senator LUNDY**—Have they been asked or have they said no?

**Mr Rohl**—We are in the process of preparing a meeting with all the relevant agencies of the ACT government.

**Senator LUNDY**—Okay. So they have not been formally asked yet?

**Ms Pegrum**—No, but they are well aware of these decisions that have been taken.

**Senator LUNDY**—So the meeting is to occur; when is that meeting going to be?

**Mr Rohl**—We are in the process of planning it now. Thirdly, the authority:

- agreed to conduct a series of special community and professional workshops on heritage, traffic, and urban design and on any other significant matters identified in the submissions on Albert Hall received by the close of public consultation on 4 May 2007 and prior to finalisation of the Draft Amendment for consideration by the Minister.

**Ms Pegrum**—Senator, the authority met today and considered draft amendment 53 again because the public consultation, the first phase, has closed at this stage. It also agreed—and I am sorry I do not have the minutes yet, obviously—but the principle of the decision was that the area that is defined as the Albert Hall precinct under the statement of significance be retained for cultural uses and community and social uses. It also agreed that, once the workshops have concluded and the authority has reconsidered the revised draft amendment, it will be released again for further consultation.

**Senator LUNDY**—Okay. So there were significant decisions today.

**Ms Pegrum**—Yes, and significant decisions in April.

**Senator LUNDY**—Yes, I appreciate that. Has the NCA put out a public statement to that effect today?

**Ms Pegrum**—No, I literally got called to the Senate estimates hearings from the authority meeting.

**Senator LUNDY**—So you are officially announcing it now?

**Ms Pegrum**—I am answering your question, as I am obliged to, Senator.

**Senator LUNDY**—Okay. Let us go through this in detail: today the NCA board agreed to retain the Albert Hall precinct as described in draft amendment 53.

**Ms Pegrum**—No, Senator—the Albert Hall precinct as described in the statement of significance for the Albert Hall.

**Senator LUNDY**—Can you explain the difference and perhaps give the committee a description of exactly what we are talking about to try and minimise confusion?

**Ms Pegrum**—Yes, I think part of the confusion has come out of the draft amendment being called the Albert Hall precinct, and that was to give that area a profile and a sense of identity. The actual Albert Hall area that is listed is a very small area around the Albert Hall defined in the statement of significance. It includes the building itself, the terrace to the north, the terrace to the south and the terraced and crescent-shaped road to the east of the building.

**Mr Rohl**—And the landscape and garden setting which is located in that area.

**Senator LUNDY**—Does that mean on the block—the trees between the road and the Albert Hall on the south side, for example?

**Ms Pegrum**—No, those trees, again from memory, are not included in the statement of significance.

**Senator LUNDY**—Are any of the trees?

**Mr Rohl**—My understanding is that they are not. The boundary is essentially the ring road that wraps around Albert Hall.

**Senator LUNDY**—But the trees on the south side are within that because they are between the road—

**Ms Pegrum**—You mean on the north side?

**Senator LUNDY**—No, on the south side.

**Mr Rohl**—If it is within the road reserve that wraps around Albert Hall then it is in the area defined by the statement of significance.

**Ms Pegrum**—I think the trees to which you might be referring, which the community has raised, are a group of largely pines which are to the north of the Albert Hall and form a barrier.

**Senator LUNDY**—Yes, they do, but they are not the trees of which I am thinking. I know there are a couple on the south side between Albert Hall and the road. Is it within what you would describe as the road boundary of Albert Hall—

**Ms Pegrum**—If that is within the defined precinct, yes, that would be covered by the cultural uses, social and community; but the draft amendment also provides for the landscape structure in that area to be largely retained and any listed landscape particularly would be protected by the heritage provisions.

**Senator LUNDY**—How does that impact on the rest of the trees that are outside that ring road boundary of the area of the statement of significance—that line of trees to the north and the trees to the west?

**Mr Rohl**—The trees to the north in the amendment were identified, and there was an assessment undertaken in terms of their value, whether they be low, moderate or high value. That is clearly articulated in the amendment and, where they are considered of high value, from memory, the amendment ensures that they are managed and protected accordingly.

**Senator LUNDY**—Have you got a picture that shows which trees are high, medium and low?

**Mr Rohl**—Yes; in the draft amendment that was released for public comment, that was actually incorporated into the amendment.

**Senator LUNDY**—How many trees were going to be preserved as a result of that assessment?

**Mr Rohl**—I could not answer that question.

**Ms Pegrum**—We would have to take it on notice.

**Senator LUNDY**—Okay, if you can.

**Ms Pegrum**—I am aware, Senator, that you might be speaking at the public meeting of the Friends of the Albert Hall on Thursday night?

**Senator LUNDY**—Yes, I think we are all speaking at the public meeting.

**Ms Pegrum**—We are, and it is our intention to provide a diagram at that meeting as we have agreed in discussions with Dr Lenore Coltheart showing what these two decisions of the authority look like in the revised DA. Then, as I said, we will be conducting at least the three workshops we agreed and then re-releasing it.

**Senator LUNDY**—Yes, because if you change it midstream you have to re-release it under your obligations for consultation anyway.

**Ms Pegrum**—If it is significant changes, like these, then certainly it is in the community interest and in the national interest to do that.

**Senator LUNDY**—Just to get the technical process correct here, I know you are in the process of organising a meeting with the ACT government about the decision of the authority to retain the land to the north as a public lakeside parkland?

**Ms Pegrum**—Yes.

**Senator LUNDY**—Will you also have to take these changes that you have made the decision on today to the ACT government for agreement, or is that outside their purview on this issue?

**Ms Pegrum**—No, the Australian Capital Territory (Planning and Land Management) Act 1988 is very specific about the relationship with the ACT Planning Authority—not the ACT government; it specifically refers to the ‘territory planning authority’, I think using those words—in that we are required to consult with them and seek their agreement. In the absence of agreement, there is then a mechanism where the federal minister liaises with the executive of the Legislative Assembly and consults with them, hears their views and then makes a decision with respect to the recommendation of the authority and the federal minister’s decision to approve or otherwise.

The process with the territory planning authority is that we always discuss the draft amendments with them before they go out; they then make formal comments on the draft amendment and we seek their agreement. On the basis of that and the community consultation report, we make a recommendation to the federal minister. It is then referred to the joint standing committee—or that has traditionally been the case—for their consideration. Then, if the minister chooses, they can refer it back to the authority for further consideration in whole or in part, or the minister can choose to approve the amendment and then it is tabled in both houses for the disallowance period. So there is a long process yet to go on draft amendment 53.

**Senator LUNDY**—Or he can ask the joint standing committee to inquire into the matter.

**Ms Pegrum**—That is correct.

**Senator LUNDY**—This is a significant change and I think an acknowledgment by the NCA of the vehement community concern about the proposed changes at Albert Hall. Can you just go through the four key changes that have now occurred—two on 2 April and another two significant ones today, so we can see how far the NCA has moved on this issue? Can you run through those four points?

**Ms Pegrum**—The first of 2 April was:

- agreed not to proceed with the 25-metre landmark building north of the Albert Hall and adjacent to Lake Burley Griffin and to ensure primary uses will not be commercial and to consider as an alternative the benefits or otherwise of providing for a future low-scale public building, such as a performing arts centre or concert hall with ancillary uses;

The second of 2 April was:

- agreed that the balance of the land north of the Albert Hall be reconsidered as a public lakeside park (open space) subject to the agreement of the ACT Government;

The third was:

- agreed to conduct a series of special community and professional workshops on heritage, traffic and urban design and on any other significant matters identified in the submissions on Albert Hall received by the close of public consultation on 4 May 2007 and prior to finalisation of the draft amendment for consideration by the Minister.

Today at our meeting, we agreed that the land use within the prescribed heritage area that is the Albert Hall would be cultural with social and community. I do not have the exact words, because those minutes have not yet been circulated to the members, but that was the intent.

**Senator LUNDY**—And that covers the prescribed heritage area as defined in the statement of significance for Albert Hall?

**Ms Pegrum**—That is correct, that is listed on the ACT Heritage Register.

**Senator LUNDY**—Was there another decision that was made today?

**Ms Pegrum**—Yes. It does not go to revising the amendment itself; it is simply an agreement that, as part of the consultation, once those workshops have taken place and whether there is any further consideration by the authority, the DA will be re-released for further public comment.

**Senator LUNDY**—Just to tidy this up, on 2 April the commitment was to convene a heritage working group and a traffic one and an urban design one?

**Ms Pegrum**—That is correct.

**Senator LUNDY**—Have they occurred, and if not, have the dates been set?

**Ms Pegrum**—No, they certainly have not occurred.

**Mr Rohl**—We are currently in the process of reviewing the submissions that we have received, to go through those and identify the key issues. Then we will proceed with formalising those specific community meetings.

**Senator LUNDY**—Has the federal minister had a role in all of this and the changes that have taken place, given—

**Ms Pegrum**—No.

**Senator LUNDY**—that there are actually signs that the NCA is responding to community concern?

**Ms Pegrum**—No, he has not. As you know, under the planning and land management act, it is the authority that proposes an amendment. The minister's role cuts in once a recommendation is made to the minister. Naturally we keep him briefed through the authority papers, but, no, there has been no role of the minister in making these changes.

**Senator LUNDY**—As far as the meeting you have planned with the ACT government, will the changes determined today also be on the agenda for that meeting?

**Ms Pegrum**—Of course. We liaise with them fairly routinely and all of our draft amendments are part of those agenda items and we keep them posted on that. But because of the authority decision of 2 April, it really will be discussion about what their thoughts were about the land uses north of Albert Hall, which really were triggered by the expression of interest that they ran for the long-term uses of the hall. Was that two years ago?

**Mr Rohl**—In 2005.

**Ms Pegrum**—In 2005, so we do need to liaise with them. But they have provided us with comments on the draft to date and we have been working through those as well and intend to go through our responses with them at that meeting.

**Senator LUNDY**—Just again to make sure we have things clear, regardless of those changes that you have made and your plan to reissue the revised draft amendment for further

consultation, the NCA is not under any obligation to release as part of a consultation any changes to the roads in that area because of the reasons you have described earlier?

**Ms Pegrum**—We do not rely on the draft amendment for those road changes. We are showing them, and that is really where the community interest came in—for questions of transparency and discussion—but they are not dependent upon the draft amendment. They would be dependent on agreement with the ACT government where they had any impact on their roads or their land.

**Mr Rohl**—Can I just clarify that; what we are talking about in terms of that is the intersection at King Edward Terrace and Commonwealth Avenue?

**Senator LUNDY**—Primarily, but also changes to the loop roads and things that I think were flagged.

**Mr Rohl**—That change was done through the amendment 33 which identified that change to King Edward Terrace and Commonwealth Avenue with the signalised intersection.

**Senator LUNDY**—So whether or not you proceed with that will be subject to your consideration of the consultation, the traffic report and all that sort of thing, or is that a fait accompli?

**Ms Pegrum**—No, it is not a fait accompli. We have considered today at the authority meeting the more detailed design options available for that and those will be the subject of part of the discussion on the traffic workshop and consultation.

**Senator LUNDY**—So did you change anything as a result of today's discussions about the proposals that are currently on the table?

**Ms Pegrum**—No, it has been more looking at what the actual engineering involved would be, what the implications of it would be and what options are available. I have forgotten the name of the model system that is being used, but it has been modelled for its implications on traffic and transport. That will all be made available at that workshop.

**Senator LUNDY**—Can I ask the question this way: is it still a possible outcome that there is no change to the road structure in that area? Is that a possible outcome?

**Ms Pegrum**—By 'possible outcome' it really means when, if at all, this would be implemented, because the current plan does allow for that. For it to occur, we are in discussion with the ACT government. I would have to say, from the authority's point of view, not to see those works go ahead at some time in the future would be detrimental to the planning provisions for the Parliamentary Zone and for that area generally. It is really a matter of consulting with the ACT government, the community being aware of what are the proposed changes and then looking at the opportunities for implementation or otherwise.

**Senator LUNDY**—So the ACT government would have to agree?

**Ms Pegrum**—Where it crosses their roads and their land. Clearly removal of the loop—

**Senator LUNDY**—But that is only on the western side of Commonwealth Avenue, isn't?

**Ms Pegrum**—Yes, but you could not implement this without the removal of the loop road that occurs to the west of Commonwealth and to the east of Kings Avenue.



**Mr Evans**—Can I just add that the ACT authorities have a role in terms of traffic management with the traffic control device drawings, as we call them, such as the details of line marking and so forth. They have a formal approval role under that legislation.

**Senator LUNDY**—So, for example, they would also have a role with any changed traffic arrangements within the parliamentary triangle for that reason.

**Mr Evans**—Exactly.

**Ms Pegrum**—That is correct.

**Senator LUNDY**—I turn now to the Canberra Central Parklands Competition. I am sure I have asked questions about this before. There were some very funny letters in the paper today accusing the NCA of not having the appropriate skill within the organisation to design such a park and that is why you had to put it out to competition. Could you run through the reasoning behind running a competition for the central parks area?

**Ms Pegrum**—We have tended to adopt competitions as an appropriate delivery mechanism for a significant number of our major works, typically Commonwealth Place and Reconciliation Place. These are very significant parklands. We agreed that they needed design work because Commonwealth Park has ageing infrastructure. That has been a point of correspondence, for example, between the Chief Minister and the minister, and certainly bureaucrats in the ACT government and ourselves for some time, particularly regarding paths and toilet facilities. You know that we have refurbished Stage 88 recently. There really needed to be a rethink of the infrastructure and a look at enhancing the existing and very beautiful landscape in Commonwealth Park.

Kings Park has been pretty much remnant landscape for a very long time. In more recent years the park has taken on a new commemorative role. Typical outcomes of that are the National Emergency Services Memorial and the Australian Federal Police Memorial. We have refurbished and enhanced the Carillon. The opportunity was there with Kings Park to look at it also as an exemplar of a contemporary Australian landscape architecture whereas Commonwealth Park was enhancing a more traditional approach.

Now that really is a brilliant opportunity for landscape designers and other designers to become involved. We have used competitions as a way of elevating leadership and excellence in design, and that has had extremely good results. I should say also that, in the history of the capital, competitions have been traditionally used for very similar purposes. The Parliament House we sit in is a typical example of where an international competition was conducted. We had discussions with the Australian Institute of Landscape Architects and the Royal Australian Institute of Architects on the competition provisions. We always meet the guidelines for competitions of the RAIA and we believe that this was an appropriate and important way of procuring design ideas for Commonwealth Park and Kings Park.

**Senator LUNDY**—My understanding is that the exhibition of entries is only going to be open for four days from 31 May to 3 June. Why such a short period of time?

**Mr Smith**—The exhibition of the hard copies of the entries will be open for that period you have described. That is a logistical exercise; we expect over 100 entries to come in. They have started to come in, in droves actually, this afternoon. After that, the exhibition space will

no longer be available to us. But it is the authority's intention to publicly display or place all the entries online on the internet once the announcement is made. In addition to that, it is our intention to place the winning entry and the placegetters on public display once again at the National Capital Exhibition.

**Senator LUNDY**—The view has been expressed that that is not long enough—that people want more time to peruse the various entries. Finally moving to the issue of water, we have all been following with interest the goings on with the Royal Canberra Golf Club and have listened to the various stakeholders expressing views. I just want to confirm the situation that is occurring here—that there is a longstanding effectively legacy agreement that exists with the Royal Canberra Golf Club about its water usage, but part of that agreement allows the NCA to effectively determine a yearly allowance of water of some 183 megalitres. Is that the current scenario? Am I interpreting the media reports correctly?

**Ms Pegrum**—The Royal Canberra Golf Club has a crown lease that allows it to extract water from the lake. But under the Lakes Ordinance 1976 the National Capital Authority is able to place restrictions on abstraction of water.

**Senator LUNDY**—Right, and that was subsequent to the crown lease but still has standing in law?

**Ms Pegrum**—No, it was actually prior. The Lakes Ordinance is prior to the crown lease. The original lease was determined with the golf club when they were moved from where the lake currently is and another lease was struck in—

**Mr Evans**—In 1984 to run from the period 1980 to 2030.

**Ms Pegrum**—The authority's view is that the terms of that crown lease allow the authority to place restrictions on the abstraction of lake water. The golf club's view is that it does not.

**Senator LUNDY**—That is the point of contention.

**Ms Pegrum**—That has been a point of contention for some time.

**Mr Evans**—Section 12 of the Lakes Ordinance allows for the National Capital Authority delegate on behalf of the minister to issue an authorisation to abstract water.

**Senator LUNDY**—Has that been done?

**Mr Evans**—Yes, it has.

**Senator LUNDY**—What does that provide for?

**Mr Evans**—That provides for the year 2006-07 abstraction authorisation up to 183 megalitres.

**Senator LUNDY**—So that is where that figure comes from?

**Ms Pegrum**—That is correct.

**Senator LUNDY**—Do you issue those permits on an annual basis?

**Mr Evans**—That is correct.

**Senator LUNDY**—Have you always done that?

**Mr Evans**—We have been doing that for some years. The abstractions that may have occurred before that may have been before our role in that area.

**Senator LUNDY**—How do you regulate it—that is, how do you measure it and how do you check the meter?

**Mr Evans**—There are meters on all the abstractors and we take readings or invite the abstractor to send us the readings and we crosscheck those.

**Ms Pegrum**—It took some time to get agreement for us to place a meter on the abstraction of lake water by the Royal Canberra Golf Club. We were only in a position to be able to put in place metering in November 2005. I will correct that date if I am wrong, but I believe that is right. That means we have only been in a position over recent periods to actually meter how much water the golf club has been taking.

**Mr Evans**—November 2005 is correct.

**Senator LUNDY**—What is the year that you use for measurement? Is it a calendar year that you measure? Is it a financial year? Is it spring to spring? How do you measure it?

**Mr Evans**—The permits we issue are for a financial year.

**Senator LUNDY**—So you would have been able to measure it for half the previous financial year and not quite the current financial year?

**Ms Pegrum**—That is correct.

**Senator LUNDY**—What is it year to date?

**Mr Evans**—Our last recording is 336 megalitres.

**Senator LUNDY**—What happens now? I know this is the issue, but tell me what you think happens now.

**Ms Pegrum**—Suffice to say there has been considerable correspondence over the years on this issue. There has been correspondence from the golf club in August, which in the media they have mentioned that we have not responded to, which related to legal advice they provided.

**Senator LUNDY**—Is that true though? Have you responded?

**Ms Pegrum**—It is true that we did not respond specifically to that letter. But a letter was sent on 9 August which set out their abstraction rates again. There was further correspondence in December relating to reductions in the abstraction that cut in after the lake level drops to a specific level, and that applies to all the extractors. Their response at that time was—

**Senator LUNDY**—What was the date of that second letter?

**Mr Evans**—11 December 2006.

**Ms Pegrum**—That had to do with, as I said, cutbacks on the abstraction rates, in accordance with the abstraction plan, because the level of the lake had fallen at that point. At that time their response was quite positive in that it set out a number of things that they were trying to do to limit water-take. There has been ongoing correspondence associated with this. They wrote to us; I believe I received the correspondence yesterday, from memory, yesterday or Friday.

**Mr Evans**—We last wrote to the golf club on 17 May and we received a reply stamped 21 May but dated 19 May.

**Ms Pegrum**—A meeting has now been agreed with the golf club for, I think, the 29th of this month.

**Senator LUNDY**—Do you think you can resolve it without litigation?

**Ms Pegrum**—We are certainly going to try to. Today the authority also agreed that we should ask the golf club, if they wish to, to enter into mediation.

**Senator LUNDY**—Can you confirm that you received a letter from the Royal Canberra Golf Club confirming that they would adhere to those reductions that you wrote to them about on 11 December?

**Ms Pegrum**—No, they did not say they would; they said they would try to restrict access. I think Mr Evans probably has the correspondence which sets out some of the measures that they were looking at taking. But clearly the amount of abstraction they are taking is—

**Senator LUNDY**—Could you table that letter for the committee?

**Ms Pegrum**—Yes, we can—I do not believe there are privacy issues. Yes, we can.

**Senator LUNDY**—I would not expect so. In fact, could you table all correspondence in relation to this matter so it is on the public record.

**Ms Pegrum**—We will certainly try to. That correspondence, going back over the years, is quite significant, so it may take a little time.

**Senator LUNDY**—It will make fascinating reading. Could you take that request on notice.

**Ms Pegrum**—But, as I was saying, it is a significant amount of abstraction, over the levels that we believed—

**Senator LUNDY**—Yes. I understand from media reports that whereas they were allowed 183 megalitres, they in fact extracted 336 megalitres. Is that the year-to-date figure?

**Mr Evans**—That was our last reading.

**Ms Pegrum**—Which is about the equivalent of a suburb's use of water, we estimate.

**Senator LUNDY**—A suburb's use of water?

**Ms Pegrum**—About that.

**Mr Evans**—Based on the few figures available, the average household consumes approximately 250 kilolitres per year, which means that 1,300 to 1,400 households will consume 336 megalitres.

**Senator LUNDY**—That is significant. Finally, can you also tell the committee what other extraction the NCA does from the lake, if any? I did also note reports that you were, I think, developing a plan or a strategy to extract from the lake yourselves, in relation to keeping areas of significance watered.

**Ms Pegrum**—We actually had in place a water abstraction plan, and that abstraction plan was developed in 2005 and was based on the ACT government's Water Resources Management Plan.

**Mr Evans**—It was management strategy 2004.

**Ms Pegrum**—That allowed us to determine levels of abstraction and users associated with that abstraction. There are four abstractors of water from the lake: us, the ACT government, Government House and the Royal Canberra Golf Club. All the abstractors are meeting the levels that they are authorised to use—other than the Royal Canberra Golf Club.

**Senator LUNDY**—Thank you for that. And could you also table that abstraction plan.

**Ms Pegrum**—Yes, we can.

**Mr Evans**—It is on the website, too.

**Senator LUNDY**—It is on the website?

**Ms Pegrum**—Yes. Would you still like us to table it?

**Senator LUNDY**—Yes, I think that would be useful. That is all I have for the NCA.

[6.03 pm]

#### **Territories and Local Government**

**ACTING CHAIR**—I now call the witnesses for Territories and Local Government. Senator Lundy?

**Senator LUNDY**—I want to go through the references to the local government financial assistance grants. I note the papers identify that the budget is committed to providing \$1.7494 billion in financial assistance grants. Can you confirm that this represents a smaller proportion of total Commonwealth taxation revenue than the previous financial years? Specifically, what proportion of Commonwealth taxation revenue does that represent?

**Ms Page**—I do not know that we are able to do that. We are not responsible for determining the macro level of assistance to local government.

**Senator LUNDY**—But I am sure you have done the calculation.

**Ms Page**—I do not believe that we have. Our responsibility is to distribute the funds in accordance with the indexation formula that applies to those funds. Those funds this year represent indexing in accordance with the population growth and with CPI to maintain the real per-capita value of the grant pool. That, and the distribution of it, is the extent of our portfolio responsibilities.

**Senator LUNDY**—Perhaps my question is better directed to the representative of the government at the table. In fact, what it does represent is a reduction in the proportion of total Commonwealth taxation revenue from 0.97 per cent in 1996-97 to 0.76 per cent in 2007-08 and a projected reduction to 0.73 per cent in 2010-11. Minister, I am sure you are familiar with the advocacy of the local government associations across the country seeking one per cent of Commonwealth taxation revenue. What is your response to their charge that their proportion of Commonwealth taxation revenue is slowly being eroded as a result of the formula that is put in place, as Ms Page points out, by government policy?

**Senator Johnston**—Given AusLink and other projects, I reject that contention. The Commonwealth local government funding is not linked to Commonwealth tax revenue.

**Senator LUNDY**—No, I think they use it as an argument to make a claim.

**Senator Johnston**—They might use it but we do not.

**Senator LUNDY**—I am asking you to respond to their argument.

**Senator Johnston**—I do not think their argument is founded properly, given the demographic, and given the variation in population and needs of each local government. For example, compare the Shire of Derby/West Kimberley to the City of Bunbury; you could not find two more different groups. So, on a case-by-case basis, the government will provide funding for projects, I would have thought, logically, not about tax revenue but about need and the community of interest.

**Senator LUNDY**—I think they are arguing, as is obvious, that the pool would be bigger, so it would still be distributed on a needs basis with the other formula applied, but there would just be some sort of benchmarking of the proportion of Commonwealth revenue. I will move on.

The PricewaterhouseCoopers report did raise this issue of the overall funding model, and it was suggested at the last estimates hearing that the government was considering the broader funding arrangements issues raised in the PWC report at the COAG meeting in April. Was it discussed at the COAG meeting and what were the outcomes?

**Ms Page**—COAG agreed to defer consideration of local government funding for a further 12 months. This is because one of the final pieces of work in response to the Hawker review of local government has just commenced, and that is a review by the Productivity Commission into sources of revenue generation for local government. The PC is to report in April next year.

**Senator LUNDY**—The minister appeared to back the idea of a community infrastructure renewal fund when this PWC report was originally released late last year; is the department formally working on a proposal such as that? I know it has not been announced as policy by the government.

**Ms Page**—I think we addressed that at last estimates and our position has not changed on that.

**Senator LUNDY**—It has not changed?

**Ms Page**—No.

**Senator LUNDY**—You have not done any work on it?

**Ms Page**—We have not changed our position.

**Senator LUNDY**—Are you working on it?

**Ms Page**—No, we are not working on it. We have read it, but as I indicated, the COAG decision in relation to local government funding has effectively been deferred for 12 months. The government has announced the local government financial assistance grants for the next 12 months together with additional funding for strategic regional and future funding for Roads to Recovery.

**Senator LUNDY**—Can you rule out that the infrastructure renewal fund will be announced between now and the election?

**Ms Page**—I cannot rule anything in or out.

**Senator LUNDY**—Can I ask the government representative at the table, Senator Johnston?

**Senator Johnston**—I cannot rule anything out either.

**Senator LUNDY**—It is worth me asking.

**Senator Johnston**—It is novel I think that you would even ask, but the point is that the minister, who is not me—

**Senator LUNDY**—No, I appreciate that.

**Senator Johnston**—is across the policy, and he has not taken me into his confidence with respect to future plans and proposals. If you wish you can put the question on notice. I would have thought that the answer would probably not be the one you wanted.

**Senator CROSSIN**—We often get answers we really do not want.

**Senator LUNDY**—You could interpret that both ways. On the issue of financial sustainability of local government, obviously the Productivity Commission report does go to one of those aspects, but what other work, if any, is the department doing with respect to the support or otherwise of local councils in their expenditure and efficiency in what they spend their financial assistance grants on?

**Ms Page**—We do not undertake work on the distribution of financial assistance grants; those grants are untied. The local councils are the financial and legal responsibility of state governments. The Commonwealth government's position is that it provides a contribution to councils to assist them with their costs and also provides targeted assistance in the form of targeted road funding as well.

**Senator LUNDY**—Can you go through the government's decision on continuing the additional payments for South Australia with respect to roads, particularly noting the minister's statement that, despite some of the Commonwealth Grants Commission's recommendations to make changes, they obviously proceeded with the current situation? Was that also in the context of the decision of COAG to defer it to allow the Productivity Commission report to go ahead? What was the reason behind that?

**Ms Page**—That was a separate piece of work. The government commissioned the Commonwealth Grants Commission to review the distribution of the untied portion of financial assistance grants that is available for local road use to determine whether there was a better distribution on a budget neutral basis for those funds. The Commonwealth Grants Commission reported and indicated broadly that there was not sufficient data to provide a definitive reallocation of the funds. Specifically they indicated that there was not a standard definition of a local road, there was not information on bridges, on traffic use and local road use in each state and on maintenance expenditure by local councils on bridges in each state. There was not data on those, or where it existed it was not standardised. The Commonwealth Grants Commission proposed an interim redistribution of the funds. The government reviewed that and it decided not to adopt the recommendations on the basis that they considered that it was unlikely that the better data would be able to be achieved in the near future. For that reason, they did not accept the revised distribution also to South Australia but chose instead to continue the existing level of additional assistance to South Australia.

**Senator LUNDY**—Can you tell me what, if anything, the department or the government can do or is doing to address this problem with the reliability of information? Again, the Pricewaterhouse Coopers report identified that system of the whole of life asset management of local councils as being an area requiring some attention. What is the Commonwealth doing to help councils in that regard?

**Ms Page**—There are a couple of things I think we are doing probably indirectly. The first is that local government and planning minister's council, which is one of the COAG ministerial councils, has recently endorsed a series of principles for financial sustainability of local councils, and that includes providing guidance to councils on preparation of financial statements, financial management and also the maintenance of assets. Those principles, the distribution of them and promulgation by state governments should start at least providing some guidance to states in terms of how they record their assets and how they value them and, indeed, how they manage whole of life costs. I think also that the Australian Local Government Association, ALGA, might be undertaking some work in relation to local road data. Barry, do you want to speak to that?

**Mr O'Neill**—We provided some seed funding for that some time ago, but they are undertaking a project to improve data on local roads around Australia. We have not seen a report of that yet.

**Senator LUNDY**—You provided a grant to ALGA to achieve that?

**Mr O'Neill**—Part-funded, I believe.

**Senator LUNDY**—When do you expect some outcome from that investment?

**Mr O'Neill**—I might have to take that on notice. They may be preparing to announce something at the upcoming roads congress, but I will take that on notice.

**Senator LUNDY**—I was very interested to see in the budget documents a reference to local community infrastructure funding under the specific purpose payments. It identifies in 2006-07 \$667,000 spent for this purpose. What were the projects funded under that item in the budget paper?

**Ms Page**—I do not know whether that involves expenditure by our portfolio or not. What is the budget paper that that reference comes from?

**Senator LUNDY**—It is *Budget Paper No. 3*, it is direct payments, capital and it lists \$667,000 provided to local government, and then in the 2007-08 financial year \$900,000. Because it said specific to local government for projects on community infrastructure, I presumed you had something to do with it.

**Ms Page**—No, we do not believe that it is ours.

**Senator LUNDY**—Some other department is paying that money to that?

**Ms Page**—Yes, or it could be more than one department; it could be a combination of initiatives. Our grants direct to local government really consist of the financial assistance grants, FAGs, which indeed are paid by state governments.

**Senator LUNDY**—I will go to Treasury for the answers to those questions?

**Ms Page**—Yes, Treasury should be able to refer you to the genesis of that.



**Senator LUNDY**—And perhaps the methodology for that particular grants program.

**Ms Page**—Yes, it could be a single grants program or it could indeed be a combination of items.

**Senator LUNDY**—Thank you, that is all I have.

**Senator HOGG**—I have got some questions on Norfolk Island and a question on the Indian Ocean territories. Firstly, in page 50 of the PBS, there is a contribution of \$0.6 million for the Kingston and Arthur's Vale Historic Area project. Is that the annual commitment?

**Mr Angley**—Yes, that is the Commonwealth's contribution to the operations of the KAVHA project.

**Senator HOGG**—On an annual basis?

**Mr Angley**—Yes, \$600,000.

**Senator HOGG**—It is not a substantial amount. Has that been increased in recent years?

**Mr Angley**—I think it has been about that amount for the last few years.

**Senator HOGG**—Could you therefore tell me what it has been for the last three financial years?

**Ms Page**—Yes, we could certainly do that.

**Senator HOGG**—Do you suspect, though, that that is the same amount?

**Mr Angley**—Yes, we certainly have not changed it radically, but I will check.

**Senator HOGG**—If you could confirm that for me, please. Is the use of that money audited in any way?

**Mr Angley**—Yes, it is a contribution to an agreed works program that is agreed by the KAVHA board, on which the Commonwealth has two representatives and the Norfolk Island government nominates two representatives.

**Senator HOGG**—The expenditure of the amount of money, is that audited in some way, and if so by whom?

**Mr Angley**—I am not sure. We certainly do the works program at the beginning of the year and I am sure we do audit it, but I would have to check on exactly how that is done.

**Senator HOGG**—Would you take that on notice as well. Then the next item, the refurbishment of the Kingston pier, that has been an ongoing program.

**Ms Page**—That has been concluded.

**Senator HOGG**—That was what I was going to ask. Is the \$0.1 million the wrap-up of that cost?

**Ms Page**—That will be residual costs.

**Mr Angley**—It is kind of like an insurance wrap-up just at the end.

**Senator HOGG**—Again, I ask the question, has that program been audited?

**Ms Page**—That is a Commonwealth grant.

**Senator HOGG**—A grant?

**Ms Page**—Yes, that is a Commonwealth facility. It is a Commonwealth heritage item.

**Mr Anglely**—Just on that, that is \$10,000 not \$100,000.

**Senator HOGG**—\$0.01 million. I just wanted to clarify that that was a wrap-up. At page 74 there are two items of loan repayment: Norfolk Island government Cascade Cliff safety project; can you explain that item to me; and then the following one?

**Ms Page**—The Cascade Cliff safety project is a project that predates us.

**Senator HOGG**—Yes, I know the project.

**Ms Page**—I think it is for fencing and safety measures around a cliff area. The other one is for the resurfacing.

**Senator HOGG**—I am more interested in the amounts of money, in the estimated actual \$300,000 in 2006-07 and the budget estimate of \$300,000 in 2007-08. I understand what the project is, I have actually witnessed the project.

**Ms Page**—They would be the scheduled loan repayments.

**Mr Anglely**—That is based on the amount of crushed material taken from the quarry.

**Senator HOGG**—Those repayments are being made?

**Mr Anglely**—Yes.

**Senator HOGG**—What was the period over which the repayments had to be made?

**Mr Anglely**—It was an interest free loan in 1999. This loan is based on royalties each six months. As at 31 January just gone, \$2.3 million had been repaid of the \$3.5 million and there is about \$875,000 left. It is repaid twice a year.

**Senator HOGG**—There have been regular repayments made in accordance with the agreement about the rock crushing?

**Mr Anglely**—Yes, exactly.

**Senator HOGG**—Then the next one, the runway resurfacing, I understand that that is taking place. What is the repayment strategy on that?

**Mr Anglely**—The repayments are not due to begin until 30 June, 1 July 2009.

**Senator HOGG**—1 July 2009?

**Mr Anglely**—Yes.

**Senator HOGG**—Is there an agreed amount that will be repaid?

**Mr Anglely**—\$12 million.

**Senator HOGG**—Sorry, I presume that will be repaid in instalments?

**Ms Page**—Yes.

**Senator HOGG**—Is there an agreed amount for each instalment?

**Ms Page**—That loan has been rescheduled because the Norfolk government asked could it have a deferral of the commencement of the repayment, and that is why, as Mr Angley said, it does not start until 2009. There is an agreed schedule of payments, I think.

**Mr Angley**—Yes, I could find out. There is certainly an agreement and the government agreed to move it out three years for the starting.

**Senator HOGG**—I understand the reasons there. If I turn back to page 51, I will ask this question in respect of both the Office of the Administrator of Norfolk Island, which is outlined at the top of page 51, and I would like also a similar figure for the Indian Ocean territories, if that is available. If I can understand what is here, is it the cost of running the Office of the Administrator of Norfolk Island that is \$0.5 million per annum?

**Ms Page**—Yes, it is the salary of the administrator, consistent with the relevant remuneration tribunal determination, plus the additional costs of running his office.

**Senator HOGG**—That \$0.5 million is salary, plus office costs, relevant travel costs and other costs?

**Mr Angley**—That is right.

**Senator HOGG**—Does that include the costs of the official secretary?

**Mr Angley**—No.

**Ms Page**—He is paid for by the department, he is a departmental employee.

**Senator HOGG**—Right, paid for by the department. Is it possible to get a breakdown of those costs?

**Ms Page**—I think we have indeed done it in the last 12 months or so, but we will have another look.

**Senator HOGG**—If you could give me the same figure for the Indian Ocean territories; is that possible?

**Mr Angley**—Certainly.

**Ms Page**—Yes.

**Mr Yates**—The cost of the administrator there would be comparable to that of Norfolk, but we would have to take it on notice for the detail.

**Senator HOGG**—Yes, and the same break-up as well.

**Mr Yates**—Yes.

**Senator HOGG**—In Mr Taylor's opening statement yesterday he said:

In relation to Norfolk Island our focus will be on working with the new Norfolk Island government to assist the implementation of its commitment to improve financial sustainability and governance, and capitalising on the recent promising increase in the number of tourists visiting Norfolk Island.

Does that have any financial implications and, if so, what are they?

**Ms Page**—It has no direct financial implications. The government made the decision late last year not to extend Commonwealth legislation to Norfolk Island, in other words Norfolk Island would continue to be responsible for its own revenue raising. Minister Lloyd at the

time wrote to the then Chief Minister, however, with a series of expectations. I think we tabled that letter at last hearings indicating what his expectations were, both in terms of a series of legislative reforms and also in terms of financial management and sustainability objectives for the island. I think he also proposes to write to the new Chief Minister to re-emphasise those messages, which he proposes to do shortly.

**Senator HOGG**—I am not trying to be cute here, but Mr Taylor does say, ‘Our focus will be on working with the new Norfolk Island government to assist the implementation of its commitment.’ What sort of assistance will the department be providing? Will it be a more of an in-kind assistance, and if so, what sort of assistance can the government of Norfolk Island expect?

**Ms Page**—We meet with them regularly, the minister meets with representatives of the Norfolk Island government. Indeed, there is a meeting this week. The minister has indicated to Norfolk Island that, if they require professional governance assistance in particular areas, the government would consider that request. We have not had a request along those lines.

**Senator HOGG**—It will be on an as requested basis?

**Ms Page**—That is correct.

**Senator HOGG**—That the department and the minister will then determine whether or not the assistance is given and we will see later on what that assistance is worth.

**Mr Anglely**—Yes.

**Ms Page**—Yes.

**Senator HOGG**—I am clear. Thank you very much. Thanks, Chair.

**Senator CROSSIN**—I will keep going with Norfolk Island. Some of the reports have been commissioned by the Commonwealth since 2005. My understanding is that we have the Acumen Alliance; the Australian Bureau of Statistics did the Norfolk Island statistics in June 2006; and the Commonwealth Grants Commission reviewed the financial capacity of Norfolk Island in 2006. Are you able to give me a costing for each of those reports.

**Ms Page**—I think we might have provided it, but we can certainly provide it again.

**Senator CROSSIN**—I want to know how much this government has spent on commissioning those three reports.

**Ms Page**—Yes, certainly.

**Senator CROSSIN**—There are also now five reports from the National Capital and External Territories Committee, and all five of those reports have clearly pointed to this federal government needing to take action to ensure the sustainability of Norfolk Island. Minister Johnston, can you explain to me why the cabinet submission to give some better sustainability for Norfolk Island did not get approval? Minister Lloyd clearly took a proposal to do something about the situation on Norfolk Island, and I am wondering if you can shed some light on why that is not progressing.

**Senator Johnston**—No, I cannot. I will have to take that on notice.

**Senator CROSSIN**—You must have been at that cabinet meeting, surely.

**Senator Johnston**—I was not. As much as I would like to be, I am not in cabinet, so I do not know what cabinet's deliberations were. It would probably be inappropriate to discuss them in any event.

**Senator CROSSIN**—Perhaps you could take on notice the reasons—

**Senator Johnston**—I certainly will.

**Senator CROSSIN**—the government would be happy to provide publicly as to why some of these initiatives have not been taken up. Ms Page, can you do that?

**Ms Page**—I can. There was a media release issued at the time by Minister Lloyd, which has been the government's statement on its decision on Norfolk Island. There have been no other documents other than that.

**Senator CROSSIN**—Can you tell me what has occurred since that announcement to address the governance issues and the delivery of basic services on Norfolk Island?

**Ms Page**—The minister wrote to then Chief Minister Buffet, as I indicated, advising that some of the suggestions or some of the issues that Minister Lloyd marked for attention were being addressed. More generally in relation to the Norfolk Island government finances, a broad based consumption tax was introduced in April this year as a means of generating further revenue for the island, and that has been part of a general rebasing, I suppose, of the tax base of the island. With that, some other taxes have gone.

There has been an increase in the level of tourists over the year before. We looked at the monthly financial indicators and advised the minister accordingly, based on the information that we get from the island, but I think, as we have indicated in the past, they are an imperfect means of assessing the total financial picture of Norfolk Island. The minister has written to the chief minister indicating that publication of forward estimates and forward budgeting would be a useful initiative for the Norfolk Island government to take.

**Senator CROSSIN**—Are those letters able to be provided to this committee?

**Ms Page**—We have tabled them in the past.

**Senator CROSSIN**—What about anything that has been written since February?

**Ms Page**—I am not aware that anything has been written. As I indicated, there were elections on Norfolk Island in March. There is a new chief minister, and the minister proposes to write to him shortly. But I think we provided the letter to Chief Minister Buffet on notice.

**Senator CROSSIN**—What is the plan then to address such items as immunisation for children?

**Ms Page**—Those are responsibilities for the Norfolk Island government.

**Senator CROSSIN**—So there is no consideration by this government to look at assisting with the immunisation of children?

**Ms Page**—The government has indicated in general terms that it would consider requests for assistance by the Norfolk Island government on a case by case basis, but the government has made an explicit decision not to extend Commonwealth legislation to Norfolk Island.

**Senator CROSSIN**—Child protection legislation?

**Ms Page**—Child protection legislation is generally, I think, state legislation. That falls into the class of legislation that the minister has suggested to the chief minister that the Norfolk Island government may wish to consider.

**Senator CROSSIN**—Registration of childcare centres?

**Ms Page**—Again a state government legislation.

**Senator CROSSIN**—Would Norfolk Island have the capacity to register childcare centres there? There are probably only one or two that I can think of.

**Ms Page**—I cannot answer that.

**Senator CROSSIN**—FOI legislation?

**Ms Page**—Again I think that was part of the package of suggestions made to Chief Minister Buffet.

**Senator CROSSIN**—Provision of adult health, such as mammography screening?

**Mr Angley**—Those are the types of issues that have been raised with the Norfolk Island government.

**Senator CROSSIN**—So you are suggesting to me that this is also a Norfolk Island matter?

**Ms Page**—It is their responsibility.

**Mr Angley**—It is part of their health system.

**Senator CROSSIN**—Education and training programs? Are they also the island's responsibility?

**Ms Page**—Yes.

**Senator CROSSIN**—Senator Hogg went through a number of loans that were in the PBS. Did he miss any? Are there any other federal government loans currently to Norfolk Island?

**Ms Page**—No, there are just the two.

**Senator CROSSIN**—Can you take on notice for me how many grants have been extended to Norfolk Island since 2004 and what those grants were for?

**Ms Page**—Yes.

**Senator CROSSIN**—You may have answered this with Senator Hogg, but what progress has been made with the World Heritage listing plans for the KAVHA site?

**Ms Page**—That is a matter for the Department of the Environment and Water Resources.

**Senator CROSSIN**—So there is no cross-department assessment of that?

**Ms Page**—We meet from time to time to discuss those issues.

**Senator CROSSIN**—So the actual progress is something that we would need to ask the department about?

**Ms Page**—The progress is something that they are responsible for, yes.

**Senator CROSSIN**—In relation to the Indian Ocean territories, can you give me an update of exactly how many staff from DOTARS are now either on Christmas Island or Cocos Island.

**Mr Yates**—If you are referring to DOTARS staff—that is, Australian Public Service staff—there are two full-time staff posted to Christmas Island. There is one outposted officer from my branch on the island at the moment assisting with information for the health service review. We have no APS positions on Cocos Island. In addition to those, on any given day there are around 70 non-Australian Public Service public servants based on Christmas Island.

**Senator CROSSIN**—Seventy of what sort?

**Mr Yates**—These are employees of the minister. They are non-APS public servants. They are the equivalent of the state public service. Because there is no state government, the Australian government provides state type services.

**Senator CROSSIN**—Are they employed by the shire council?

**Ms Page**—No, by the minister.

**Mr Yates**—At the moment, these are ministerial employees employed under their own certified agreements.

**Mr Angley**—They are not members of DOTARS, though.

**Mr Yates**—They are not DOTARS staff. They are not Australian public servants.

**Mr Angley**—Employed by the government.

**Mr Yates**—They are non-APS public servants employed by the minister to deliver the state type services on-island. For example, they look after the power authority; they provide health services; they provide educational assistance in the schools; they provide a small clerical staff.

**Senator CROSSIN**—So they would be health workers, not nurses?

**Mr Yates**—There is a range of health staff, including assistants at the hospital. Nurses are employed under the agreements, so there are enrolled nurses under the system.

**Senator CROSSIN**—So this is on Christmas and Cocos?

**Mr Yates**—Only on Christmas.

**Senator CROSSIN**—So 70 of those?

**Mr Yates**—That is correct.

**Senator CROSSIN**—And they would report to their respective—wherever they are. If they are in a school, they would go to the principal?

**Mr Yates**—That is correct. We have a series of business units on the island. They have a management structure and they end up reporting through to my APS director, Sheryl Klaffer, on the island.

**Senator CROSSIN**—Can you provide me with a list, by occupation and number, of those people?

**Mr Yates**—Yes, we can. I will take that on notice.

**Senator CROSSIN**—The community consultative committee is still operating on Christmas Island?

**Mr Yates**—It is still functional. I do not have any details immediately at hand as to when it last met. I can get that information for you.

**Senator CROSSIN**—Take that on notice. Can you take on notice for me now the membership of the community consultative council?

**Mr Yates**—Yes.

**Senator CROSSIN**—Perhaps I will keep going with Christmas Island and we will do Cocos second. The demolition of the Christmas Island precipitator tower is in Budget Paper No. 2. Can you tell me what NFP means, under the forward out years?

**Ms Page**—It is ‘not for publication’. There are three measures associated with the Indian Ocean territories that appear in Budget Paper No. 2 that have ‘not for publication’.

**Senator CROSSIN**—Is that because it is due to go to tender?

**Mr Angley**—Yes.

**Ms Page**—They are all to go to commercial tender, yes.

**Senator CROSSIN**—See, I can second-guess people.

**Mr Yates**—I should add, in terms of the precipitator tower specifically, that contract has been signed. It is in the form of a funding agreement through the mine, PRL. They actually have the contractual arrangement with a company to have the towers demolished and we expect work to start in June.

**Senator CROSSIN**—So there has been a competitive tender process?

**Mr Yates**—That was run by the mine.

**Senator CROSSIN**—Yes.

**Mr Yates**—We have a funding agreement with the mine that is in place at present and the mine has conducted a process that resulted in a Western Australian company, Delta, being selected to demolish the towers, and work is expected to commence in June.

**Senator CROSSIN**—Can I ask you then what the cost is, or is that not publicly available?

**Mr Yates**—The cost of the contract that the mine has signed is \$3.7 million.

**Senator CROSSIN**—That is your costs?

**Mr Yates**—No. That is the cost that the mine has signed with Delta. The mine is also making its own contribution in terms of project management expenses.

**Senator CROSSIN**—What costs are you putting into the demolition of this tower?

**Mr Yates**—That is the part that we are keeping as not for publication to protect the Commonwealth’s commercial interests.

**Senator CROSSIN**—When will we know that—once the project is completed?

**Ms Page**—The amount of money that we are providing is to meet the costs of demolition. The contribution by PRL is just the supervision costs of the works. It will be the cost of demolition. There is an amount that the government allocated prior to knowing the outcome.



We would still prefer not to provide advice on the full amount until that work has been completed.

**Senator CROSSIN**—I understand. The tender has already been awarded, essentially?

**Ms Page**—Yes.

**Mr Yates**—Yes.

**Senator CROSSIN**—I am assuming Delta have got experience in handling asbestos and asbestos removal products.

**Ms Page**—Yes.

**Mr Yates**—That is correct. The agreement we have with the mine obliges them to only choose a contractor that meets all the relevant legislation for the demolition and removal of an asbestos site.

**Senator CROSSIN**—The asbestos will be taken off the island?

**Mr Yates**—Yes.

**Senator CROSSIN**—I want to ask you one question about the detention centre. I know it is not yours. I know Finance and Administration are responsible for building it and Immigration will manage it once it is up and running. At any stage were you consulted at all, in the design or construction of that, about green energy? My understanding is that there will be no solar panels used on the detention centre and that thousands of litres of diesel will be used to drive what is needed in terms of running that centre, electricity-wise.

**Ms Page**—I do not think we can speak for the early part of the project. There may have been consultation in relation to aspects of the construction. I am not aware that there were at the outset. We certainly have meetings with both the immigration department and with the department of finance on aspects of the construction where they affect our interests.

**Senator CROSSIN**—The issue about actually building this place to be a little bit more greenhouse gas, environmentally useful, was never raised in your discussions about this?

**Mr Anglely**—Senator, not while we were in—

**Ms Page**—We have only been involved during the latter part of the construction phase, so I cannot speak on behalf of any earlier discussions that may have happened.

**Senator CROSSIN**—I understand the machinations between the departments. Crazy ants control on Christmas Island: do you actually have an assessment of the damage to the ecosystem there or are these all questions I should be putting to Environment?

**Mr Yates**—No. We are obviously interested as anyone interested in the island is, but that is very much a Parks Australia matter, so the Department of Environment and Water Resources, I am afraid.

**Senator CROSSIN**—The management of the crazy ants project—the money, the funding, all of that—would be questions for Parks?

**Mr Yates**—Parks Australia.

**Senator CROSSIN**—Let me just go to a few other issues that I have. Can you give me an update on where we might be at—and this is quite an old request but it is worth raising every now and then—with the issue of the five laundry workers who are still \$20,000 out of pocket from the closure of the casino?

**Ms Page**—No. I am not aware of that issue, Senator.

**Mr Yates**—I am aware in a general sense that that is an unresolved issue, but I would have to take on notice any detail.

**Senator CROSSIN**—Can you take it on notice?

**Ms Page**—Yes, certainly.

**Senator CROSSIN**—Ms Page, just for your interest, when the casino was closed the Commonwealth government actually had the laundry there and the assets of the laundry were sold off but the unpaid entitlements to the laundry workers were never passed on. So my understanding is that it is a revenue matter: the Commonwealth actually took control of the laundry, sold off the washing machines and the dryers inside it, paid everyone who had to be paid except the five workers in the laundry, who I understand are about \$20,000 out of pocket.

**Ms Page**—We will take that on notice.

**Mr Yates**—Yes. We will have to take that on notice.

**Senator CROSSIN**—Can you take that on notice and tell me where that might be at?

**Mr Yates**—Yes.

**Senator Johnston**—Were these laundry workers employees of the Commonwealth?

**Senator CROSSIN**—No, but there was an arrangement that, when the casino was closed, the Commonwealth would become the administrator of the asset, so they actually sold and divested all of the interests and then paid out whoever was to be paid: (a) there is no doubt the laundry workers are owed \$20,000 each; (b) there is no doubt the Commonwealth actually has that money because they sold the assets of the laundry. We have been working on this issue for five years now.

**Senator Johnston**—Is there doubt that the Commonwealth actually owes them the money?

**Senator CROSSIN**—No.

**Senator Johnston**—All right, that is interesting. We will take that on notice and get to the bottom of it.

**Senator CROSSIN**—No, there is no doubt. There is a whole history about this issue. Answers have been given in estimates hearings since about 1999 to 2000, so I would be interested. The money from the sale of the assets of the Christmas Island laundry went into the account of the Christmas Island administration. We would like an update on where that is at.

**Mr Angley**—We will get you a clear written answer.

**Senator CROSSIN**—Thank you very much. That would be useful. Can I now take you to the asbestos removal—the budget initiative regarding the asbestos removal from the 220 Australian government buildings and infrastructure. That is across both islands?

**Mr Yates**—Yes, it is.

**Senator CROSSIN**—And there is again no funding in the budget. Is that because that tender has not been awarded?

**Mr Yates**—That is correct.

**Senator CROSSIN**—Are you able to provide me with a list of government buildings that will be cleared of asbestos?

**Mr Yates**—We should be able to. When I say ‘should’, we had a full survey done of both islands, which made assessments of all the buildings. In fact, I think we should be able to provide that on notice. It is a fairly large document and I do not have it with me.

**Mr Angley**—There are 220 buildings.

**Mr Yates**—It was an assessment of the asbestos in the buildings, so it was roofing, cladding, insulation.

**Senator CROSSIN**—To make it a bit easier, give me a breakdown of government buildings and government houses on Christmas and Cocos islands. So that will be four columns you will need to provide instead of 220 buildings.

**Ms Page**—Okay.

**Senator CROSSIN**—I assume, if that goes out to tender, we will be looking for experts in asbestos removal.

**Mr Yates**—That is correct.

**Senator CROSSIN**—Who will supervise or oversee that?

**Mr Yates**—What we expect to do is have a project manager, appropriately skilled, to oversight the program. We would point out here that we have already had an asbestos removal program that removed all the highest risk asbestos, so we are now dealing with the lower risk asbestos.

**CHAIR**—What do you call the highest risk?

**Mr Yates**—They have a four-level system, A, B, C and D.

**CHAIR**—For instance, if you had blue asbestos in a ceiling as insulation, have you removed that?

**Mr Yates**—If it is in a stable, secure environment—contained—that is a lower risk.

**CHAIR**—There is lots of that around.

**Mr Yates**—There is. In government buildings, our aim is to remove all the asbestos. We have already removed the highest risk asbestos, which is the stuff that is friable and is already releasing fibres. We are now moving down to the lower risk asbestos, but our aim is to remove all of the asbestos from government properties.

**Senator CROSSIN**—I assume that the asbestos will be taken off the island and disposed of.

**Mr Yates**—Yes.

**Senator CROSSIN**—My understanding is that the former administrator, Evan Williams, commissioned SGS, a business consultant, to undertake an economic development study of the Indian Ocean territories. This was done three years ago. Does DOTARS have the report or does the minister?

**Ms Page**—DOTARS has the report. It has to some degree been overtaken by events. You will be aware that there was an announcement by Minister Turnbull—

**Senator CROSSIN**—I am more than aware of that.

**Ms Page**—about the future of the mine leases.

**Senator CROSSIN**—That is right.

**Ms Page**—There is clearly an issue for the government to consider in relation to the future sustainability of Christmas Island, in particular, as a result of that. More generally, the way in which the annual level of funding to the IOTs is calculated is being reviewed this year.

**Senator CROSSIN**—Sorry, say that again.

**Ms Page**—The annual level of administered funding which is provided to run the IOTs is going to be reviewed this year.

**Senator CROSSIN**—By whom?

**Ms Page**—Initially by the Commonwealth Grants Commission, who did it the last time in 1999, and that work is being updated at present and will be considered by the government later this year. Given Minister Turnbull's announcement, it is probably more appropriate to consider the issues of the long-term sustainability and the economic development of the islands in that context rather than in terms of those reports.

**Senator CROSSIN**—So you have made a decision that perhaps this economic development study is out of date?

**Ms Page**—I think that it would benefit from consideration in a broader environment, and we have been discussing that.

**Senator CROSSIN**—With whom?

**Ms Page**—With the minister.

**Senator CROSSIN**—Have you spoken to the shire council about shelving that economic study?

**Ms Page**—I have not said that we will shelve it.

**Senator CROSSIN**—But you are saying that, by and large, it is out of date?

**Ms Page**—I think that it has been overtaken a little by events. That does not mean that the government will not draw upon that in considering more broadly some of the big issues that it has to consider in relation to the future of the IOTs.

**Senator CROSSIN**—Was the shire council ever given a copy of that report?

**Mr Yates**—No, the shire has not been given a copy of the report. The minister discussed it with the shire on his recent visit to outline very much what Ms Page has said. Having read the report several times, one of the issues we have with it is that it does not provide concrete

guidance on how to practically transition the Christmas Island economy from a mining based one to a tourism based one. So we are seeking further advice on that.

In fact, I today signed a further contract with some consultants who are going to make use of the work done by the SGS report and take it forward, as Ms Page has said, to take account of the recent developments, which are quite significant, so that we can come up with a coherent and implementable transition from mining to tourism. This will also tie in with the work being done at the moment with the Commonwealth Grants Commission. So the SGS report has not been shelved; it is being used to help inform the way forward. As it stands at the moment, it is not very useful. It could be because of a change in circumstances.

**Senator CROSSIN**—Who are these consultants and what have they been tasked to do?

**Mr Yates**—The name escapes me, so I will have to take that on notice. In summary, their aim is to take the work done by the SGS report, review the current situation and provide us with practical steps that we can use to develop the islands' economies.

**Senator CROSSIN**—Are there instructions that these consultants do this in conjunction with the islanders and the shire council?

**Mr Yates**—Not specifically with the shire council or the islanders. They are working to us based on the work done by SGS and the recent announcements.

**Senator CROSSIN**—What is your plan to involve the broader community and the council in this transition?

**Ms Page**—Following Minister Turnbull's announcement, Minister Lloyd visited the island.

**Senator CROSSIN**—Yes, I know. He was there the very next day.

**Ms Page**—That is right, and he indicated that the government wanted to develop a future for the island in consultation with the island. This is really just one input into that. There are a range of issues that have to be worked through. He has indicated, I think, that he wants to continue dialogue with the island. There is also dialogue with the mine that has to take place, because the mine has not definitively responded yet to the announcement by Minister Turnbull or indicated, other than in a very general sense, how it sees its future, how long that might be, what the nature of that involvement in the island might be and what the future employment prospects for people on the island are.

There are a range of opportunities certainly for the government to continue to engage with the island, and indeed Minister Lloyd has indicated that he will be doing that. One of the issues, for example, that the government needs to consider is future plans for the mine workers. Do they wish to stay on the island? Do they wish to relocate? All of those issues are issues that we are committed to working through.

**Senator CROSSIN**—One of the other issues also might be the reduction in the demand for shipping services. Are you just starting to look at the flow-on effect of not having the mine there and the use of current services that might not be used so much in the future?

**Mr Yates**—That is one of the key things we are looking at. We have a good understanding of the level of service provided by the shipping services at the moment. Our expectation is that the routine supply ship that runs Perth-Cocos-Christmas-Singapore and back will

continue. The major impact of the mine's closure will, of course, be the reduction in ships coming to pick up phosphate. When the mine closes, of course that drops away to zero. We aim to have a transition. The mine has informed us that they think they have five to six years of remaining life. Our task over the next few years is to develop that transition so that, as the mining winds down, we develop a range of other economic activities on the island. Tourism and associated activities are clearly going to be the major component there.

**Senator CROSSIN**—Mr Yates, I do not clearly get any sense that there is a commitment to do this in consultation with the shire council or the people on the island.

**Mr Yates**—In my own case, I visit the island regularly. Whenever I go there, I meet with the shire. The minister does so when he visits. I meet with a wide range of community groups, such as the Chinese Literacy Association, which represents the Chinese business community, and the Chamber of Commerce that represents the non-Chinese business community. This is ongoing consultation that occurs on a regular basis.

**Ms Page**—Senator, as I indicated, there is no way that the Commonwealth government can make decisions on behalf of the citizens of the Indian Ocean territories without consultation with them.

**Senator CROSSIN**—I beg to differ, Ms Page. There have been many decisions that have been made in the past without any consultation with them, so it does happen and it has happened.

**Ms Page**—It would be very difficult for us to determine the nature, the size and the composition of those communities without talking to those people about their future plans.

**Senator CROSSIN**—Talking to them and actually listening or doing what they think is best are sometimes two different things, but we will not waste time arguing about that now. We might get an update on that next time. I suppose that you are waiting for the mine to react?

**Ms Page**—Yes, there will be continuing discussions with the mine about the future.

**Senator CROSSIN**—Is there any kind of formal committee that will be set up to look at the transition arrangements that are needed, or are you just planning to do this work in Canberra in the DOTARS office and just slip up to Christmas Island every now and then and give them a report?

**Ms Page**—I think that is unfair, Senator.

**Senator CROSSIN**—Not if I am representing my constituents accurately it is not.

**Senator Johnston**—I do not think you are.

**Senator CROSSIN**—So I ask, is there any plan to set up some sort of formal consultative or advisory board or committee that will work with you?

**Ms Page**—That will be a matter for the minister.

**Senator CROSSIN**—Can you give me an update on the space base, where that is at?

**Ms Page**—It is where it has always been at, I think, Senator.

**Mr Yates**—Senator, Mr Kwon, as the managing director of the associate companies with it, has stated he plans to submit a proposal.

**Senator CROSSIN**—When did he tell you that? When did he last tell you that?

**Mr Yates**—As recently as a couple of weeks ago when I was on the island with the minister.

**Senator CROSSIN**—That was verbally or in writing?

**Mr Yates**—That was verbally. He has also said it in writing. We await the proposal with great interest.

**Senator CROSSIN**—So it is where it has always been at. In the meantime, has the mine been given access to the leases that they have to give up?

**Ms Page**—Yes.

**Mr Yates**—Yes, the mine has active access to those areas at the moment and is using them.

**Senator CROSSIN**—Okay, but the space base is where it has always been?

**Mr Yates**—That is right.

**Senator CROSSIN**—Can I also ask about Linkwater Road?

**Mr Yates**—Linkwater Road is at present closed. I received advice from Main Roads WA that, subject to some final technical assessments to do with slope and so on, they expect to be able to advise us that we can reopen the road with relatively minor repairs and clearing, provided we put a load limit on it and probably a reduced speed limit. The shire's new engineer, who has literally only just arrived on-island, will have the main carriage of implementing that. He needs to understand the issues and talk to Main Roads and then we will work with the shire, the aim being to get the road reopened.

**Senator CROSSIN**—In answer to a question, you said that the tenders for the roadworks would be sought in the second half of 2006-07. Is that happening?

**Mr Yates**—The information I have just given you will lead us to issue those but we need to understand exactly what we need to do to get the road reopened. That has taken longer than I would have preferred, but we now have that information.

**Senator CROSSIN**—Do you have a construction timetable for that?

**Mr Yates**—Not at this stage because we have not been given the definitive advice. I point out here that one of the delaying factors there is the shire's engineer having to be replaced. There has been a gap of some two to three months. Without the shire engineer, we do not wish to proceed because we need to work in consultation with them.

**Senator CROSSIN**—Is it still this government's policy that there will be no casino licence reissued to the resort?

**Mr Yates**—Yes.

**Senator CROSSIN**—That is still the policy of this government?

**Mr Yates**—Yes.

**Senator CROSSIN**—Did I read somewhere where \$5 million had been given to the resort? Was that from this government?

**Mr Yates**—Not from this government, no.

**Senator CROSSIN**—So no money has gone towards the latest refurbishment of the casino?

**Mr Yates**—Yes. We understand that is private funding.

**Senator CROSSIN**—The health services: a decision has been made to not privatise that, I understand?

**Mr Yates**—That is correct; not to outsource.

**Ms Page**—Not to outsource it.

**Senator CROSSIN**—I think that was a welcome decision from the island. You said to me that you believed it represented best value for money. Why is that? Is your cost of running the health service much cheaper than what an outsourcing provider was going to cost?

**Ms Page**—Based on a competitive tender process, yes. There was quite a large differential in cost.

**Senator CROSSIN**—What is now the situation with the health service? Will it continue as it is?

**Ms Page**—No, we are restructuring the health service.

**Mr Yates**—Essentially, the health service is being restructured in consultation with the community. We have two health consultative groups that are being set up on the island. My officer on the island has been talking to people extensively. What we need to do is to move the health service away from a strong focus on acute health care towards one that more effectively manages emerging health issues in both island communities, particularly around improving the health outcomes for people in a—relatively speaking—ageing community, so that we do not have a lot of acute health care.

This is a process that is going to take a little bit of time because clearly we need to keep managing the services as they are at the moment, while we transition to that approach. We are doing this very much in consultation with the communities on both islands, because they have different requirements. This will lead us to develop things such as recruitment plans so that we recruit the right mix of people to deliver these services. It may involve some consideration of what is the right mix of equipment to be provided on the islands, particularly in light of an ageing community.

**Ms Page**—And a focus on preventative medicine as well, Senator, which the health service has not had a strong emphasis on in the past.

**Senator CROSSIN**—You have an officer working with the restructuring of the health service till only July; is that correct?

**Mr Yates**—No, she will be going beyond that. We made an assessment that she would be most effective if she was placed out there for about three months to do this work and then



come back to her normal job in Canberra, which includes implementing the reforms, so she will have an ongoing role.

**Senator CROSSIN**—Who is that person?

**Mr Yates**—Mary-Ann McQuestin.

**Senator CROSSIN**—Can I just ask for a quick update on the crane?

**Mr Yates**—The crane is working.

**Senator CROSSIN**—Today?

**Mr Yates**—Yes, and yesterday and, I hope, tomorrow.

**Senator CROSSIN**—But maybe not tomorrow?

**Mr Yates**—I expect it to work tomorrow.

**Senator CROSSIN**—Like you, I keep reading about it in the *Islander*. One day the footings work and one day they do not. Why is that? Is it an ongoing problem? Is it a structural fault?

**Mr Yates**—The crane received an exceptionally high rate of use in a short period of time, so instead of wear and tear happening over, say, a 10-year period, it was compressed into a shorter period. We have had the appropriate engineering analysis done, which says that you have wear and tear. We need to fix that wear and tear, which we are doing. The essential thing we have to do is to find a time window where we can take the existing crane down and take it out of service so that this maintenance work can be done.

The plan is to move the crane from Nui Nui onto the platform at Flying Fish Cove whilst the main crane is being repaired, and then the main crane goes back up and the Nui Nui one returns to Nui Nui. To do that, we have to find a window where there are no ships visiting so that we can take it down and do not disrupt services. Our port manager is working on that particular plan. I do not think they have been able to set an exact date at the moment. It is quite a difficult task. You need to find about a two-week window to do that.

**Senator CROSSIN**—In the meantime? You are just patching up these problems?

**Mr Yates**—No, the crane is functioning.

**Ms Page**—It is an issue to do with one of the motors in the crane rather than the four legs which were summarily—

**Senator CROSSIN**—All right.

**Mr Yates**—The footings have been repaired.

**Senator CROSSIN**—And the port access on the other side of the island?

**Mr Yates**—At present it is open and operational, should we need it. It is only used in particular swell conditions and it has had quite low levels of use because the swell has not required it.

**Senator CROSSIN**—I want to raise with you an issue that has been raised with me about the time it has taken to repair a fault with the SBS TV channel on Christmas Island. Is that your responsibility?

**Mr Yates**—It is, yes.

**Senator CROSSIN**—Why did it take so long and has it been fixed?

**Mr Yates**—Essentially, because it has been repaired and is back in service. It took time to get that particular item of equipment. I do not have all the technical details. If you need that I can take that on notice. But a piece of electronic equipment on the island failed. It was the ABC one that failed and a judgement was made that we would put the ABC on air and take SBS off, based on the viewing habits of the majority of the population.

**Senator CROSSIN**—How long did it take to repair?

**Mr Yates**—I would have to take the details on notice. I do not know about that.

**Senator CROSSIN**—Have you put mechanisms in place to ensure that perhaps there is not such a long time delay?

**Ms Page**—Servicing the IOTs and doing it properly is an ongoing issue. Finding people available and appropriately skilled who are prepared to travel to do the work and to do it at a competitive price is a continuing challenge.

**Senator CROSSIN**—I understand that, but there is an issue about—

**Mr Yates**—With this particular one, we now have a much better understanding of how to fix that particular fault, but with a reasonably unique set-up there is not anywhere else that does it quite this way because of the nature of the islands. We cannot give an absolute certainty that another unknown thing will not come up. It might take us a little longer to fix than we would all like. It is a reality of the distance and isolation of the islands.

**Senator CROSSIN**—But it is working now?

**Mr Yates**—Yes.

**Senator CROSSIN**—I will just go to Cocos Island and then I am finished.

**Senator Johnston**—Can we go home then?

**Senator CROSSIN**—You can go home then. I will not be long with Cocos, I have to tell you. The big news at Cocos would have to be the Rumah Baru plans mark 3, maybe 4.

**Ms Page**—This is a commitment of funding, Senator, so this is a fairly significant development.

**Senator CROSSIN**—There was a commitment of funding last time. By the time the project got wings and started to fly, I think the funding was much smaller than we anticipated. Are we looking at the same plans as previously or are we starting from scratch?

**Mr Yates**—We are not starting from scratch. We are using all the previous work to produce a new design but it will be based on the earlier work: essentially, an island built out into the water with a wharf connecting it to the mainland. It is a smaller scope than some of the earlier ones but it is one that is appropriate for the need. The detailed design work is yet to be done.

**Senator CROSSIN**—A new environmental impact study would need to occur?

**Mr Yates**—Yes.

**Senator CROSSIN**—Under the EPBC act?

**Mr Yates**—I believe so.

**Senator CROSSIN**—What arrangements have been made for foreign merchant or foreign military vessels that might use that facility?

**Mr Yates**—Essentially, none, because they will not be able to. It will still need to be serviced by the barges because the water will still be comparatively shallow. We will not be able to have ships of any sort pulling up alongside it.

**Senator CROSSIN**—There is a plan to have a new ferry.

**Mr Yates**—Yes. We have the existing ferry service by a particular vessel. We are looking at better solutions to that in terms of speed and operating costs.

**Senator CROSSIN**—So we are looking at a different sort of craft?

**Mr Yates**—I would expect that to be the outcome but that is speculative on my part at this stage. We have not gone to the market on that yet.

**Senator CROSSIN**—Again, you have not allocated money this time; it is not in the budget?

**Mr Yates**—Not specifically in the budget. We received a reasonable level of funding through the administered program to allow for depreciation of assets. The existing ferry is thoroughly depreciated.

**Senator CROSSIN**—Yes.

**Mr Yates**—My expectation is that we will be able to fund that from within the capital works part of the depreciation fund.

**Senator CROSSIN**—What happened to the money that was allocated many years ago towards this? Did that go back into consolidated revenue?

**Ms Page**—It certainly was not spent, Senator.

**Senator CROSSIN**—I know it was not spent.

**Mr Yates**—I do not know the origins of that money. If it were done through the depreciation funding stream it would have simply been reallocated to some other capital replacement program within the islands, but I do not know the specifics of that.

**Senator CROSSIN**—I do not know. It was many millions of dollars and my recollection of five or six years ago is that, by the time plans were actually drawn up for the Rumah Baru and certain things happened, it went out to tender and it was almost \$10 million or \$12 million more than the money that had been allocated, so the whole thing was shelved.

**Mr Yates**—Yes.

**Senator CROSSIN**—There is now a commitment to build it.

**Mr Yates**—Correct.

**Senator CROSSIN**—Knowing that that may well be the cost.

**Mr Yates**—Yes.

**Ms Page**—In the interim, the government wanted to explore alternatives to the building of a wharf which included the hovercraft option. Those options have been well and truly explored so Mr Yates has indicated, we would now hope, that the Rumah Baru wharf would proceed as planned.

**Senator CROSSIN**—Are there still plans to perhaps upgrade the airstrip on Cocos Island?

**Mr Yates**—At present there are no defined plans to do that but as with any capital asset we need to maintain it, which we are currently doing, and then in due course we would need to replace it. That would undoubtedly be a joint DOTARS-Defence activity but at this point there are no plans in place.

**Senator CROSSIN**—Can I ask you if DOTARS have been involved in or are you aware of any research that has occurred to look at the impact of climate change on Cocos Island, given what is happening to some of the Pacific island communities?

**Mr Yates**—The primary report I have is a 1992 report looking at rising sea levels. It drew certain conclusions, one being that if the sea water rise was at eight millimetres per year or less the natural growth of the coral would be able to cope with that level of annual rise. I do not have any more recent reports that indicate any change to that. It is a matter we are obviously aware of and we keep in discussion with Environment and Water Resources and the Australian Greenhouse Office on it.

**Senator CROSSIN**—There is no update on that research in respect of Cocos?

**Mr Yates**—Not that I am aware of, no.

**Senator CROSSIN**—You are not aware of any plans?

**Mr Yates**—Not specific to Cocos, no.

**Senator CROSSIN**—You are not aware of any plans to update that, because the highest point of land on Cocos is only about—metres or something?

**Mr Yates**—Nine metres; that is correct.

**Senator CROSSIN**—You would be aware that we are being now contacted by women on Cocos Island who are looking at getting access to the breast screening program, as the women on Christmas Island have now got. In the answer to the question you suggested to me that you are proposing to implement a similar service for Cocos residents. Is that the purchase and placement of a machine?

**Mr Yates**—That would be the purchase and placement of a machine next financial year on Cocos Island and an extension of the arrangement we have with BreastScreen WA to undertake screening, I would expect, on the same basis as Christmas Island, and that is once every two years.

**Senator CROSSIN**—That is not in the 2007-08 budget?

**Mr Yates**—At the scale of dollars, we would again be funding that from within the administered budget.

**Senator CROSSIN**—You are planning to purchase that machine in 2008-09?

**Mr Yates**—No, the next financial year, 2007-08.

**Senator CROSSIN**—You will purchase that machine then?

**Mr Yates**—Whilst that is subject to the minister's approval, we have not submitted that budget for it yet.

**Senator CROSSIN**—So I cannot go skipping back to my office and email everyone on the island.

**Mr Yates**—It remains our intention, as previously stated, to do that.

**Mr Angley**—In our draft budget.

**Mr Yates**—That is correct.

**Senator CROSSIN**—It is in your draft budget.

**Mr Angley**—It is one thing that we—

**Senator CROSSIN**—You are proposing it?

**Mr Angley**—Yes, it is one of our plans.

**Senator CROSSIN**—But we are waiting on the minister's approval to say—

**Mr Angley**—We have not put it to the minister yet. We are trying to sort the budget out.

**Ms Page**—The minister is certainly aware and supportive of the initiative.

**Senator CROSSIN**—Thank you. Is there any other sort of update on the wind generators on the island that I need to perhaps—

**Mr Yates**—No. There has been no change since last time. They remain out of service at present while we work with the original supplier to finalise a design that satisfies us that it meets safety requirements and then we can bring them back to service.

**Senator CROSSIN**—Your answer says to me that the department is working with the manufacturer—

**Mr Yates**—That is correct.

**Senator CROSSIN**—to resolve the problem. Is that still the status?

**Mr Yates**—That continues, yes.

**Senator CROSSIN**—In relation to the cost-benefit risk analysis for the Home Island water supply, do you now have the further environmental analysis of the long-term options?

**Mr Yates**—I am waiting for a formal report from the Water Corporation in Western Australia, which held a full study of this about one month ago. That involved the shire, us and the water corporation's own technical expertise. They are finalising that report and will send it to us. We await it because we see it as very important advice on how we go forward.

**Senator CROSSIN**—When are you expecting to get that?

**Mr Yates**—I expect to get it soon, but I cannot give you an exact date.

**Senator CROSSIN**—So there will be no change in that situation until you get this report; is that right?

**Mr Yates**—No, except of course it has rained significantly, so at the moment there are no water issues on Cocos Island.

**Senator CROSSIN**—I want to ask you about the deregulation of airline services in Asia. I noticed an article in the *Atoll* about Air Asia and Air Asia X. Is there any likelihood that this will impact on the services provided by National Jet?

**Mr Yates**—With respect to the National Jet services, that is unlikely to occur in the short term because of the nature of that particular market. The current contractual arrangements with National Jet continue until, I think, March 2009. I do not see any reason to change those. We are, however, actively looking at how we can improve northern airlink services to both Christmas and Cocos Islands. We certainly do not have any definitive answers at the moment.

I am getting some advice on how the aviation market is going to look over the next five to 10 years, with particular interest in what the low-cost carriers are likely to be able to do from Asia down to Cocos and Christmas islands, to see how we can develop the tourism markets on those two islands and get better support from the north. It is at its formative stage at this point.

**Senator CROSSIN**—Have Air Asia or Air Asia X made any application that you are aware of to fly into those islands?

**Mr Yates**—No, not that I am aware of at the moment.

**Senator CROSSIN**—Have you looked at the possibility of flying out of Broome—a Broome-Christmas-Cocos link?

**Mr Yates**—Not recently. I believe that there has been some work done on that in the past; not so much by DOTARS but by others. It is hard to see the tourism potential for that working compared to coming out of a hub such as Singapore or Kuala Lumpur, because they are just so much closer—dramatically closer. It is hard to see that the numbers of tourists from Broome wanting to go to Cocos and Christmas islands would make it work, because of the long flights involved.

**Senator CROSSIN**—Broome does not have an international airport either, does it?

**Mr Yates**—It has in the past.

**Senator CROSSIN**—It has a functioning international airport?

**Mr Yates**—It has in the past. I do not know its current status. That would be a question for someone else.

**Senator Johnston**—It is used mainly in respect of customs and maintenance.

**Senator CROSSIN**—My very last question is: what is happening with the quarantine station? You have had your elephants. They have gone.

**Mr Yates**—The quarantine station is still controlled by AQIS. There is an agreement that they will transfer it to DOTARS when they are ready. They have not actioned that one yet, so the future of the station remains with AQIS at the moment.

**Senator CROSSIN**—Has there been any approach from you to AQIS to relinquish that asset to the shire council?

**Mr Yates**—Not from us to AQIS, no.

**Senator CROSSIN**—So they are currently still sitting on it?

**Mr Yates**—That is correct. It is still their asset; their property.

**Senator CROSSIN**—I am done.

**ACTING CHAIR**—To conclude, I would like to thank the department, the minister and the officers at the table. Thank you very much.

**Committee adjourned at 7.23 pm**