



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

ESTIMATES

(Supplementary Budget Estimates)

TUESDAY, 20 OCTOBER 2009

CANBERRA

BY AUTHORITY OF THE SENATE

INTERNET

Hansard transcripts of public hearings are made available on the internet when authorised by the committee.

The internet address is:

<http://www.aph.gov.au/hansard>

To search the parliamentary database, go to:

<http://parlinfoweb.aph.gov.au>

SENATE RURAL AND REGIONAL AFFAIRS AND TRANSPORT

LEGISLATION COMMITTEE

Tuesday, 20 October 2009

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

Participating members: Senators Abetz, Adams, Back, Barnett, Bernardi, Bilyk, Birmingham, Mark Bishop, Boswell, Boyce, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Ferguson, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Humphries, Hurley, Johnston, Joyce, Kroger, Ludlam, Lundy, Ian Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Moore, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Abetz, Adams, Back, Bishop, Boswell, Bushby, Colbeck, Collins, Fisher, Heffernan, Hutchins, Johnston, Macdonald, Milne, Nash, Ludlam, O'Brien, Parry, Scullion, Sterle, Siewert and Williams

Committee met at 9.10 am

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND LOCAL GOVERNMENT PORTFOLIO

In Attendance

Senator Conroy, Minister for Broadband, Communications and the Digital Economy

Department of Infrastructure, Transport, Regional Development and Local Government Executive

Mr Mike Mrdak, Secretary

Mr Andrew Wilson, Acting Deputy Secretary

Ms Lyn O'Connell, Deputy Secretary

Ms Stephanie Foster, Deputy Secretary

Corporate Services

Mr David Banham, Chief Operating Officer

Mr Paul Wood, Chief Financial Officer

Infrastructure Australia

Mr Michael Deegan, Infrastructure Coordinator

Australian Rail Track Corporation Ltd

Mr David Marchant, Chief Executive Officer

Nation Building—Infrastructure Investment

Ms Carolyn McNally, Executive Director

Mr Alex Foulds, General Manager, South East Roads

Ms Felicity McNeill, General Manager, North West Roads

Mr Richard Farmer, General Manager, Policy, Planning and Development

Mr Jason Maher, General Manager, Rail and Intermodal
Mr Tony Carmichael, General Manager, Nation Building Coordination
Mr Rohan Wong, Acting General Manager, Major Infrastructure Project Office

Infrastructure and Surface Transport Policy

Ms Leslie Riggs, Executive Director
Mr Robert Hogan, General Manager, Vehicle Safety Standards
Mr Michael Sutton, General Manager, Maritime Policy Reform
Mr Stewart Jones, General Manager, Road Transport Policy Reform

Australian Maritime Safety Authority

Mr Graham Peachey, Chief Executive Officer
Mr Gary Prosser, Deputy Chief Executive Officer, Maritime Standards Division
Mr Mick Kinley, Deputy Chief Executive Officer, Maritime Operations Division
Mr Yew Weng Ho, General Manager, Corporate Services Division
Mr John Young, General Manager, Emergency Response Division

Bureau of Infrastructure, Transport and Regional Economics

Dr Gary Dolman, Acting Executive Director
Mr Robert Stewart, General Manager, Infrastructure and Transport Research
Ms Leanne Johnson, Acting General Manager, Regional Research and Transport Statistics
Mr Gary Dolman, Acting Executive Director

Local Government and Regional Development

Mr Michael Pahlow, Acting Executive Director
Mr Brendan McRandle, General Manager, Local Government Policy and Finance
Mr Richard Wood, General Manager, Regional Development Programs
Mr Marcus James, General Manager, Regional Development Policy
Mrs Karen Lindsay, Director, Regional Development Policy
Mr Gordon McCormick, General Manager, Local Government Programs
Ms Philippa Power, General Manager, Program Coordination and Engagement

Office of Northern Australia

Mr John Angley, Executive Director

Inspector of Transport Security

Mr Mick Palmer, Inspector of Transport Security

Office of Transport Security

Mr Paul Retter, Executive Director
Mr Peter Edsor, Director, Legislation Coordination, Aviation Security
Ms Jackie Raynor, Acting General Manager, Supply Chain and Screening
Mr Guy Richardson, Acting General Manager, Analysis and Operational Support
Mr George Brennan, General Manager, Transport Security Operations
Mr Steve Dreezer, General Manager, Maritime, Identity and Surface Security

Aviation and Airports

Mr John Doherty, Executive Director
Ms Maureen Ellis, General Manager, Aviation Environment
Ms Karen Gosling, General Manager, Airports
Mr Stephen Borthwick, General Manager, Aviation Industry Policy
Mr Scott Stone, Acting General Manager, National Aviation Policy

Mr Charles Hausknecht, Section Head, Air Traffic Policy

Airservices Australia

Mr Greg Russell, Chief Executive Officer

Mr Jason Harfield, General Manager Air Traffic Control

Mr Richard Dudley, General Manager, Corporate and International Affairs

Civil Aviation Safety Authority

Mr John McCormick, Director of Aviation Safety

Mr Greg Hood, Executive Manager, CASA Operations Division

Dr Jonathan Aleck, Chief Legal Officer

Mr Peter Cromarty, Executive Manager, Airspace and Aerodrome Regulation Division

Dr Pooshan Navathe, Principal Medical Officer

Mr Terry Farquharson, Executive Manager, Office of the Director of Aviation Safety

Australian Transport Safety Bureau

Mr Martin Dolan, Chief Commissioner

Mr Peter Foley, Director, Surface Safety Investigation

Mr Ian Sangston, Director, Aviation Safety Investigation

CHAIR (Senator Sterle)—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. Today the committee will commence its examination of supplementary budget estimates with the Department of Infrastructure, Transport, Regional Development and Local Government. The committee has fixed Friday, 11 December 2009 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business this Friday, 23 October 2009. Under standing order 26 the committee must take all evidence in public session. This includes answers to questions on notice.

Officers and senators are familiar with the rules of the Senate governing estimates hearings. I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised and which I now incorporate in *Hansard*.

Public interest immunity claims

That the Senate—

- (a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;
- (b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;
- (c) orders that the following operate as an order of continuing effect:
 - (1) If:
 - (a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and
 - (b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the

public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

- (2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.
- (3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.
- (4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.
- (5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.
- (6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.
- (7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).
- (8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(Extract, Senate Standing Orders, pp 124-125)

CHAIR—I welcome Senator Stephen Conroy, Minister for Broadband, Communications and the Digital Economy, representing the Minister for Infrastructure, Transport, Regional Development and Local Government. Welcome back, Mr Mike Mrdak, Secretary of the Department of Infrastructure, Transport, Regional Development and Local Government, and officers of the department. Minister, do you or Mr Mrdak wish to make an opening statement?

Mr Mrdak—With your indulgence, Senator, I would like to make some brief opening comments setting out some background and context in relation to the department. I am very pleased to be able to appear before the committee again today and particularly privileged to appear as the secretary of the department. My appointment in this role commenced on 29 June this year following the retirement of Mr Michael Taylor on 24 April this year. Mr Taylor had been secretary of the department since October 2004, and I would like to publicly acknowledge Mr Taylor's contribution to the reform agenda and to the leadership of the department.

In terms of other organisational changes, deputy secretary Andrew Tongue left the department on 17 July to take up the role of deputy secretary with the Department of

Families, Housing, Community Service and Indigenous Affairs. On 1 July this year the Australian Transport Safety Bureau, which had previously been a division within the department, became a statutory agency within the portfolio. Mr Martin Dolan has been appointed the chief commissioner to the bureau, and he is supported by Mr Noel Hart as a part-time commissioner. In relation to other senior executive changes since the budget estimates hearing, Mr Phil Potterton has returned from the Australian Public Service and left the department in September, and Mr Kym Bills retired from the department in September this year. The divisions of Infrastructure and Surface Transport Policy and National Transport Systems have been merged since 1 July into one division, and I have put in place senior acting arrangements to cover vacancies within the department pending permanent filling. There have been no further changes to either senior positions or the structure of the department since my appointment. Senator, we look forward to working with the committee through these hearings. Thank you very much.

CHAIR—Thank you, Mr Mrdak. We will go straight to questions.

Senator IAN MACDONALD—Congratulations on your appointment, Mr Mrdak. It is obviously owing to my good training back in the Territories days and, notwithstanding that, that you have reached this exalted position. I know you will do a good job. I would not have said that before you were appointed because you would never be appointed.

Mr Mrdak—Thank you, Senator.

Senator IAN MACDONALD—Congratulations. I know you will do a good job in spite of the administration of the portfolio. Thank you for telling us about the changes in the department. At the last estimates I asked the minister to explain how the ministers in the department work. The answer I got on notice, which was rather cute, simply said to refer to the Prime Minister's statement on changes to the federal ministry of 6 June. What I really want to know is what Ms McKew is responsible for—what she actually does—and where she is the decision maker, and what Mr Gray does. He used to have a lot of the responsibilities of Ms McKew but now seems to have been relegated to the very important part of the department in Northern Australia and also in Western Australia—as it is unusual for someone to represent a state in the ministry. And I would like to know then what Mr Albanese does as the senior minister. Can you just tell me who the decision makers are in which areas, or do both parliamentary secretaries just refer to the minister and he is the ultimate decision maker on everything?

Mr Mrdak—Senator, the minister has responsibility for the portfolio, and that includes all administered programs and matters covered by the administrative orders in relation to the department and the portfolio. The two parliamentary secretaries, Ms McKew and Mr Gray, have responsibilities and support the minister in particular areas. Ms McKew has particular responsibilities to assist the minister on matters dealing with local government, regional development and also the delivery of the fiscal stimulus package and Nation Building program in relation to communities. Mr Gray, as you have outlined, has particular responsibilities of assisting the minister in relation to Northern Australia and also has been given specific responsibilities of assisting the government in relation to matters dealing with Western Australia. You may have recently seen that the Prime Minister has appointed him to head a task force to look at employment issues arising from the development of the Gorgon

gas project and resource projects in Western Australia. That illustrates the type of role that he is playing across government in relation to coordination of matters affecting Western Australia and Northern Australia. The minister has primacy and responsibility for the portfolio with the parliamentary secretaries assisting him as he requests.

Senator IAN MACDONALD—Thank you, Mr Mrdak. Does Mr Albanese sign off on every brief from the department or do the two parliamentary secretaries actually have sign-off on particular areas and, if so, which areas?

Mr Mrdak—We provide briefing and advice to all three.

Senator IAN MACDONALD—No, no. Mr Mrdak, remember I have been there.

Mr Mrdak—Yes, I know.

Senator IAN MACDONALD—So, sure, the senior minister gets a copy of every brief, but someone with as much on his plate as Mr Albanese could not physically possibly read the briefs. His staff would. Who actually signs the brief that has an instruction back to the department on what to go ahead with, what to do?

Mr Mrdak—Certainly the minister generally handles all matters in relation to decisions regarding programs and the like. They are taken by the minister.

Senator IAN MACDONALD—So neither parliamentary secretary has sign-off responsibility on anything?

Mr Mrdak—Ms McKew does take decisions in relation to the Better Regions and Regional Partnerships programs in accordance with her responsibilities at the request of the minister, but other programs in the department are administered through the minister.

Senator ABETZ—You said that Ms McKew, on the instruction of the minister, has sign-off?

Mr Mrdak—Yes. Just to clarify that, I am advised that Ms McKew is the decision maker for the Better Regions and Regional Partnerships program administration.

Senator IAN MACDONALD—So the briefs in relation to those go to her, she signs off on them and that is the instruction for the department?

Mr Mrdak—That is correct.

Senator IAN MACDONALD—Mr Gray does not sign off on anything?

Mr Mrdak—He has responsibility for the Office of Northern Australia and its programs, such as the East Kimberley package. They are matters that Mr Gray has decision-making authority for.

Senator IAN MACDONALD—Just remind me, Minister: Mr Albanese represents an electorate next door to Sydney airport and Ms McKew is just over the Sydney Harbour Bridge?

Senator Conroy—It is the former Prime Minister's electorate. I am sure you know where it is.

Senator IAN MACDONALD—That is good, two central city electorates. Ms McKew will be signing off on Regional Partnerships? What do you call it?

Mr Mrdak—Better Regions, and the remaining Regional Partnerships.

Senator Conroy—Is your argument that her geographic proximity rules her ineligible to do it?

Senator ABETZ—There is no argument. They were questions.

Senator IAN MACDONALD—No, just questions, Minister. The agriculture minister lives in the electorate next door to Mr Albanese—three inner city Sydney electorates dealing with agriculture and regional matters. No comment, just a question. Is it an exhaustive list that you have given us, Mr Mrdak, or would it be better for you to take the question on notice and inform the committee, and I will use the terminology, the areas for which the parliamentary secretaries have sign-off responsibility?

Mr Mrdak—You are asking about sign-off in relation to administered programs, Senator, or overall?

Senator IAN MACDONALD—Overall. I just want to know—

Mr Mrdak—Perhaps it is better for me to get some clarity and come back to you during the course of today about that. But the areas I have outlined are essentially those where the parliamentary secretaries have responsibility.

Senator IAN MACDONALD—Thank you very much for that. Finally, Mr Gray has responsibility as the parliamentary secretary for Northern and Western Australia. Why is there not a parliamentary secretary for Tasmania?

Senator ABETZ—Hear! Hear! Because they do not have anybody good enough from Tasmania, I suppose.

CHAIR—Probably because there is a lot going on in Western Australia. I would not go down that path, Senator Abetz, if I were you.

Senator ABETZ—So there is not much going on in Tasmania? All right.

CHAIR—I suggest you should take a visit to the west and have a look at exactly what is going on there.

Senator ABETZ—A dynamic Western Australian Liberal government.

CHAIR—The engine room of the economy.

Senator ABETZ—Yes, a Western Australian Liberal government, of which my brother is a part.

CHAIR—The engine room of the economy and has been for the past five years.

Senator ABETZ—I fully agree with you, Senator Sterle.

Senator IAN MACDONALD—Perhaps Senator Sterle's comments are correct in his denigration of Tasmania—I am saying perhaps, those are his words not mine—but certainly one could not say the same about Queensland. And I should be asking the minister: why is there not a parliamentary secretary for Queensland?

Senator Conroy—I will ask the Prime Minister what his thoughts are. But as you know, these decisions are a matter for the Prime Minister as they were under your Prime Minister. I do not recollect there being a minister for Queensland despite your best efforts.

Senator IAN MACDONALD—You are quite right, Minister, but there was not a minister for Western Australia either. In this government there is a parliamentary secretary for Western Australia, there is one for Northern Australia, which includes the Northern Territory and Northern Queensland, but there is not one for Queensland. So why is Western Australia preferred over Queensland?

Senator Conroy—I will take that on notice.

Senator IAN MACDONALD—And also for New South Wales.

Senator Conroy—If there is anything that Mr Albanese can add to that, which I doubt, as it is not his area of responsibility—

Senator IAN MACDONALD—It is the Prime Minister's.

Senator Conroy—Last time I checked that was the Prime Minister's role.

Senator IAN MACDONALD—Perhaps you could find out.

Senator Conroy—This is Senate estimates for the department of transport, and Minister Albanese is the minister. If you would like to ask that question, the Prime Minister and Cabinet estimates hearing was on yesterday.

Senator IAN MACDONALD—If you want to stand on the precision of the law, let me then just ask: what exactly does Mr Gray do in relation to Western Australia that all of the lower house members and senators for Western Australia and the other ministers from the west—I think there are some—do not do? What is Mr Gray going to do that others do not?

Senator Conroy—I will take that on notice to see if there is anything further to the information you have been given already that Mr Albanese is willing and able to advise you on.

Senator ABETZ—Why does the chair need assistance to look after his home state?

Senator IAN MACDONALD—That is all I have on that area.

CHAIR—I must say, Senator Abetz, Tasmania probably fits into it 10 times.

Senator ABETZ—Chair, I do want to ask some questions on the Tasmanian Freight Equalisation Scheme. That has been shifted around in recent times, I understand. Whereabouts do I ask questions about that?

Mr Mrdak—Under Infrastructure and surface transport policy, Senator.

Senator ABETZ—Thank you. Minister, Mr Albanese still has not taken happy pills and will not be providing media clips to his shadow counterpart?

Senator Conroy—It appears that he is of the view that he was not given the clips and it is not a requirement.

Senator ABETZ—So that is a very mature approach that he is continuing with. Even Senator Kim Carr has relented. And I would have thought that if Senator Carr can relent and

provide me with a copy of his clips that Mr Albanese might be able to do that for Mr Robb or now for Mr Macfarlane. Mr Albanese is continuing to be less mature than Senator Carr, and that is a pretty low benchmark I must say. But let us move on. Last time I was told in response to corporate question No. 4, which was taken on notice, that the department does not specifically monitor blogs. How am I to interpret the term 'specifically'? Do you monitor any blogs? If so, why and when and how is that determined?

Mr Banham—As general rule, we do not monitor blogs. If we are interested in a particular topic and are doing a search on our media portal, we may look at some information that has been derived from a blog.

Senator ABETZ—So you would monitor blogs on an ad hoc basis as you might be alerted to them to try to get information, and I will not be political about this, into the public domain?

Mr Banham—If we were researching something, Senator, but we would not monitor as a matter of course.

Senator ABETZ—But would you add to the blogs?

Mr Banham—No.

Senator ABETZ—What about the minister? Once you have determined that there is a blog site running making commentary on an issue, would you then alert the minister's office for the minister to potentially respond?

Mr Banham—Not that I am aware of, Senator.

Senator ABETZ—Minister, I want to ask you about question No. 2257. I think this is a very important issue of protocol and practice. Since when does a minister respond to a question asked in the Senate by simply referring them to an answer given in the House of Representatives and then not being courteous enough to actually attach the question? So I ask a question and the answer is, 'Refer to House of Representatives question No. 1024'.

Senator Conroy—It sounds like you have got all the information you need there, Senator.

Senator ABETZ—If that is the maturity with which you are going to approach this then that is fine—it will stand on the record. But I would have thought that if a senator asks a question in the Senate that senator is entitled to an answer without being told to look at another house's answer.

Senator Conroy—I think you have been pointed to all the information that you need in answer to the question.

Senator ABETZ—Somebody in the department clearly must have done the research, found that a similar question was asked in the House, found that question and answer and then deliberately makes it difficult. Let us make no bones about this. This is the sort of game one might expect to be played in student politics but not in the national capital, I would have thought, when all that was required was a three-line answer. It was a three-line answer in the House of Representatives and we are given one line saying, 'Refer to House of Representatives question'—

Senator Conroy—Do I get the impression from that that you have found the relevant answer?

Senator ABETZ—Of course I have through extra research.

Senator Conroy—So the information given to you was accurate?

Senator ABETZ—Whether the answer is accurate or not—

Senator Conroy—I said the information given to you in the answer.

Senator ABETZ—Why do you not answer the questions without making reference to other documentation that then just makes it more difficult? I thought we were operating with Operation Sunlight, where we would not be obfuscating but making information available as quickly and as easily as possible. Why would you not attach the answer to the question from the House of Representatives, if that is the detailed answer, and say, 'This was answered. See the attachment'?

Senator Conroy—It seems that with a minimum amount of effort by your office you were able to gather all of the relevant information—

Senator ABETZ—It was not a minimum amount of effort.

Senator Conroy—from the answer you received. It seems to me the system has worked.

Senator ABETZ—It was not a minimum amount of effort, Minister. The simple fact is the bureaucrats in the department and in your ministerial office must have gone to the trouble and work of finding out that there was a similar question, finding out the reference number, doing all the work and then, to be a smart Alec, just giving the reference rather than attaching the answer.

I know this is Mr Albanese's style because we have got that from the media monitoring service position—he did not get it when he was in opposition so he is not going to do it now. There is this sort of spiteful element in all that Mr Albanese seems to do and I think we are now seeing a culture develop around this particular minister. I would have thought that from a Senate practice point of view, Senator Conroy, you might have expected that senators are entitled to answers without other research being required. I have made my point on that. I have got no further corporate questions.

Senator NASH—Good morning all. Can I just take you back to estimates last year on 28 May when we had some discussion around questions on notice. What we were discussing at the time was that some of the questions were coming back just referring the committee to the website. I am sure the minister would probably remember that in May this year we had a very similar conversation about referring the committee to the website with questions on answers. I do note that at the time Senator Conroy in good faith seemed to understand that it was entirely inappropriate for questions to come back referring the committee to the website and undertook to have it resolved. Unfortunately, here we are again with answers to questions on notice referring the committee to the website. I am sorry you cannot see this, Hansard, but there are an awful lot of yellow tags on the questions on notice that are referring the committee to the website. I will just run through a couple of them very briefly: information about the Unicom trial is available on the Airservices Australia website; Infrastructure Australia has published its methodology on its website. Here are some more examples: Infrastructure Australia has adopted a different methodology published at www.austlii.edu.au/au/other/dfat/infrastructure/; Infrastructure Australia's assessment criteria and methodology is published on the website; all

finalised agreements are on the department's website; a list of all projects can be found on the government's website; all black spot locations are available on the Nation Building program website; information is available on the Nation Building program website. Why are we even bothering to come in here and ask questions?

My point is that it would be useful if the committee could have an explanation, given the undertaking from more than a year ago to resolve that the committee would not be provided with answers to questions on notice that refer the committee to the website. This was undertaken in good faith, I do accept, by the minister to go and talk to the minister about this. It is actually worse than it was before. Can anybody give me an explanation of this?

Senator Conroy—Thank you, Senator Nash. As I indicated last year I was happy to raise the issue. Clearly the minister believes that all the information necessary to answer your questions is contained in that response. I am happy to raise it again, following you raising it again. But at this stage all the information necessary is contained in the answer.

Senator NASH—Mr Mrdak, do you have a view on this?

Mr Mrdak—Senator, the government has been very clear in its view that departments should put a great deal more information in relation to program administration and operations onto websites to make them more accessible. That has been a feature of the last year or so in terms of a number of programs. We have attempted to do that. We are currently in the process of upgrading our website to make it more accessible and contain more program information. I think the minister's answers reflect his view that the material is being published more broadly and people should be directed to the website. That is the minister's position.

Senator NASH—I completely agree and understand that the more information the department can put on the website for the common good is indeed an excellent idea. But to come before this Senate committee again—I cannot understand it, maybe you could explain for me—is it arrogance or was it just a complete oversight again? I am trying to give you the benefit of the doubt and that maybe somebody has just slipped up and been shoddy again. I would hate to think that it actually sits with the department. Does it sit with the department or is the minister ultimately responsible for this committee getting answers to questions on notice that refer us to the website? Is it the department or the minister?

Mr Mrdak—The department goes to great lengths to provide information onto its website and the answers simply reflect that the material is available, as the minister has outlined.

Senator ABETZ—This is quite outrageous. It would be like Mr Rudd saying, in response to an answer, 'My answer is in *Hansard*', not referring you to the volume, not referring you to the date, not referring you to a page number and just saying, 'It is there, it is in *Hansard*.'

Senator NASH—Go find.

Senator ABETZ—'Go and check for yourself, go find, go read.' This minister, Mr Albanese, is now developing a reputation (1) with media monitoring, (2) with the excellent commentary by Senator Nash on websites with reference to House of Representatives answers. It must be embarrassing for the department to have to work with a minister like that. I do not expect you to comment on that, Mr Mrdak.

Senator Conroy—I think Mr Mrdak—

Senator ABETZ—There is a culture developing around this minister which is not assisting in any way and in fact is in direct contradiction to that so-called Operation Sunlight that Mr Rudd promised us during the last election.

Senator Conroy—I am afraid I cannot let that stream of consciousness stand unchallenged.

Senator ABETZ—You do not even answer questions like that in your department, Minister, so there is no need for you to defend Mr Albanese.

CHAIR—Senator Abetz, the minister was answering your question and you jumped in over him.

Senator ABETZ—You are quite right.

Senator Conroy—Mr Mrdak has made it very clear, and I think even Senator Nash and you acknowledge, that there is far more information available on the websites. We have made a conscious decision to be more transparent and more open by placing far more information on websites. I appreciate that possibly, at this stage—

Senator NASH—It is outrageous.

Senator Conroy—the opposition are a little surprised by that. They have not quite adapted to the fact that they can simply click on a website and get much of the information that they are seeking. I cannot let go unchallenged your assertion that this is a less transparent government than the previous one. We are clearly providing more information publicly than ever before. It is there if your officers get used to going to publicly available information. Many of the questions you ask—

Senator ABETZ—Senator Conroy, you are not that obtuse.

Senator IAN MACDONALD—Minister, can we resolve that where senators in this committee ask questions that if there is a website referral it can be printed out by the department and made available in hard copy to senators. The difficulty is that senators do not have big staffs in Canberra. The material comes out at odd times and it is an imposition on backbench senators with no resources to get all this stuff out. Could we resolve, as a committee—rather than do what you have done to Senator Nash—that in future the department, with its literally thousands of employees, could ask one junior to actually print out the material and make it available in hard copy to the committee so it can be distributed?

Senator ABETZ—And highlighting the specific answer so you do not have to trawl through potentially hundreds of pages on a website to find the one paragraph that would actually answer Senator Nash's question. That is the stunt that is being played, not by the department—

Senator NASH—That they print it out; that would be a lot better.

Senator ABETZ—but by the way this particular minister is answering questions. I indicate that I am one of the senators that tend to bounce through most of the committees, and this minister is the worst for obfuscating in providing answers. Most ministers actually do try to answer rather than just saying, 'You will find it on a 100-page website somewhere, go look.' That really is not an answer and, if I might say, is a great discourtesy to the Senate.

Senator IAN MACDONALD—Can we resolve to do that in future?

Senator Conroy—You can resolve to request that. The committee can resolve to do anything it wants. You can resolve to request that of the minister and the minister can take that into account when he is forwarding the answers to the questions.

Senator IAN MACDONALD—We do not want to get into the threat business but of course budgets and such can be passed or not passed by senates where senates are happy with the information given. We do not want to get into those sorts of threats. Senator Nash makes a very good point: it is just impossible for backbenchers with limited staff, different to ministers and different to departments with thousands of staff. Rather than refer to the website it would help the committee if someone from the department could actually extract the relevant part of the website.

Senator Conroy—I am sure that the committee can request that and I am happy to pass the committee's request on to the minister for his consideration.

Senator NASH—Thank you, Minister. One would assume that it would not be too difficult. I think the point that needs to be made is that it was agreed by you, Minister, that that was an inappropriate method of providing material to the committee.

Senator Conroy—I would not accept that characterisation at all, Senator Nash. I am happy to pass on your request but I am an optimist—

Senator NASH—I think in hindsight you were very keen to pass it on, Minister. Thank you, and I will be an optimist too and I will look forward to this being resolved and not having to sit here and do this again next estimates.

[9.40 am]

Infrastructure Australia

CHAIR—Welcome, Mr Deegan. Do you wish to make a very brief opening statement?

Mr Deegan—No, thank you.

Senator ABETZ—Can you please confirm, now that we have finished Corporate Services early, that that allows us extra time with Infrastructure Australia?

CHAIR—It does.

Senator ABETZ—Can I ask whether we can have an update, undoubtedly on notice, of each election commitment within the infrastructure portfolio, and please do not tell me to look at a website.

Senator Conroy—I am afraid that could be exactly where I think you need to go and look, Senator Abetz. On this one I am quite relaxed about the answer.

Mr Deegan—Senator, we do not keep a record in Infrastructure Australia of the election commitments. The department would carry that material.

Senator ABETZ—So there is no website to look at—thank you, Minister, come in spinner. Minister, would you like to refer us now to which website I should be looking at to get an answer to my question?

Senator Conroy—No, the point I was making is—

Senator ABETZ—I am sure you are not interrupting a question, Minister. What is the status of each election commitment within the infrastructure portfolio? Minister, what website should I be looking at?

Senator Conroy—The point I was making was that it is not Infrastructure Australia's job to answer such a question, as Mr Deegan has correctly pointed out. If there is any further information or a relevant source that I can refer you to, I will take that on notice and refer you to it.

Senator ABETZ—Minister, are you aware of each election commitment that was made?

Senator Conroy—As you know, this is not my portfolio. I am sure we are pretty close to achieving all of our election commitments and are looking forward to a new batch we will be making when the next election comes around and then delivering them as well in full.

Senator IAN MACDONALD—Mr Mrdak, on notice, can we get a list of the website—

Senator Conroy—I just took it on notice.

Senator IAN MACDONALD—and a short comment on where each one is at being delivered—that is the question.

Senator Conroy—We will take that on notice and any information we are able to give you on that question we will forward to the committee.

Senator IAN MACDONALD—The projects assessed and recommended by Infrastructure Australia involve billions of dollars of expenditure. When will Infrastructure Australia release the modelling and analysis on the projects that have been approved so that the taxpayers who are paying for them can actually see why some of these projects have been selected and why some have not?

Mr Deegan—The methodology used by Infrastructure Australia is publicly available. The decision as to the release of analysis is a matter for government.

Senator IAN MACDONALD—Minister, can that analysis be released so people can understand why various projects have been approved and others have not?

Senator Conroy—I am happy to take that on notice and see if the minister would like to release any further information for you.

Senator IAN MACDONALD—Is the minister shown the modelling and analysis conducted by Infrastructure Australia?

Mr Deegan—The modelling that we undertake is publicly available. Again, that is on a website so every Australian is able to see the process that we use. The analysis is undertaken by my office with a range of internal and external advisors. The analysis is then presented to the Infrastructure Australia council where they consider the matters and then make recommendations to government. That analysis is available to government.

Senator IAN MACDONALD—So the answer to 'Has the minister been shown modelling analysis' is yes?

Mr Deegan—Yes, Senator.

Senator IAN MACDONALD—What percentage of budget allocation was spent on modelling the economic benefits of infrastructure proposals?

Mr Deegan—The budget for Infrastructure Australia is \$6.5 million per annum. We have a number of internal staff. We have used external contractors as well. I would have to come back to you with a precise percentage of the budget used in the analysis.

Senator IAN MACDONALD—You say that the cost-benefit analysis that Infrastructure Australia uses to assess infrastructure priorities is publicly available on your website?

Mr Deegan—The methodology is available, yes.

Senator IAN MACDONALD—On your website?

Mr Deegan—Yes, it is.

Senator IAN MACDONALD—You heard the discussion before. I know you do not have a huge staff, but you do have a bigger staff than I do. Could you get a hard copy of that and send it to the committee as a question on notice?

Mr Deegan—Senator, the material is easily printed down—we can circulate that appropriately. There is quite a lot of material and I hope you enjoy reading it.

Senator IAN MACDONALD—Yes, thank you.

Senator Conroy—Be careful what you wish for.

Senator IAN MACDONALD—I am conscious that there are many senators who all have a lot of questions to ask and I shall put some on notice. I am just going to try and cover a range of issues in the next 10 minutes before I pass to others. Has Infrastructure Australia received any advice from the department regarding future Commonwealth funding for infrastructure projects?

Mr Deegan—No, Senator.

Senator IAN MACDONALD—What is the future role of Infrastructure Australia? What is its ongoing purpose in the absence of forward government funding?

Mr Deegan—There are a range of activities that Infrastructure Australia is involved in. Part of the remit is the long-term pipeline of infrastructure projects across the country, and the range of options for funding can be public and/or private sector. So there is an important role to continue the work in analysing the sort of infrastructure work that is required. We are also developing, at the Prime Minister's request, a national ports policy; we are working on a national freight policy; we are updating some work on urban water policy and remote and regional water issues to do with townships; some work on public transport and a range of other associated activities.

Senator IAN MACDONALD—Thank you for mentioning the ports—I want to come back to that shortly. Can you give us the detail of the status of the infrastructure projects identified as priorities in your report to COAG?

Mr Deegan—The current status as to where they are in terms of the exercise?

Senator IAN MACDONALD—Yes.

Mr Deegan—The role of Infrastructure Australia is as an advisory body. The government then makes the decisions and the implementation of those decisions is a matter for the department.

Senator IAN MACDONALD—But all of those that were identified as priorities you have reported on?

Mr Deegan—Yes.

Senator IAN MACDONALD—Was it your role to get an estimated cost of all those projects?

Mr Deegan—In the work that we did we had costings from the various proponents, which we independently assessed and provided advice to government on those matters.

Senator IAN MACDONALD—Is that information publicly available?

Mr Deegan—Again it is part of the analysis that was provided to government. It would be a matter for government to consider that.

Senator IAN MACDONALD—Okay. Again, I ask the minister and the department if we can have a look at that. Are you satisfied that the infrastructure projects are proceeding at the right pace, or is that not any of your business?

Mr Deegan—We have an enormous amount of interest as you do, Senator, but it is a matter for the department to implement those matters.

Senator IAN MACDONALD—Can I just briefly refer to the national port development plan to which you referred. When will that be finalised and will it be made public?

Mr Deegan—Either later this year or early next year we hope to provide a comprehensive proposal and detail of a national ports plan to the Infrastructure Australia council. They will consider that matter more likely early next year and then provide their views to government. It is then a matter for government to decide its publication or otherwise.

Senator IAN MACDONALD—Do you have any idea of which agencies will be involved in the creation of the strategy?

Mr Deegan—We are dealing with a host of government agencies and a whole range of the private sector players—those involved with ports, logistics, base customers, whether it is iron ore, grain or containers. There is a whole host of players involved in this, including the shipping industry. We are consulting very broadly on the sorts of issues that one would expect.

Senator IAN MACDONALD—If your reports are actioned, will that fix the sorts of problems I see every time I come to Canberra, flying down the Queensland coast and seeing, in at least two parts of the coast, literally dozens of ships out there awaiting to come into Australian ports?

Mr Deegan—At Dalrymple Bay and in the Hunter—are they the two sites?

Senator IAN MACDONALD—No, Dalrymple Bay and Abbott Point.

Mr Deegan—Certainly we hope it would advance the debate about a whole range of issues associated with Dalrymple Bay and Abbott Point and indeed in the Port of Newcastle.

Senator IAN MACDONALD—I have a number of questions about public-private partnerships, but I might put them on notice. Can I briefly refer to a couple of things regarding rail. Do you know why the Queensland taxpayers have got to underwrite \$1.7 billion for the Gold Coast light rail project to proceed? Is that something in your area or should I be asking that of Mr Mrdak?

Mr Deegan—I do not have the numbers on that here, Senator. I will take that on notice.

Senator IAN MACDONALD—I am not really after the numbers. I think \$1.7 billion is correct. But why are Queensland taxpayers being asked to underwrite the project to that extent?

Mr Deegan—There are a range of issues that each of the jurisdictions have raised in terms of the projects. The Gold Coast is a proposal with Queensland and Commonwealth government money and also a significant role for the private sector.

Senator IAN MACDONALD—TransLink's website mentions '700 people from organisations interested in partnering with the government to deliver that exciting project.' Can you tell me what has happened to those 700 people and why the Queensland taxpayers are being asked to underwrite the \$1.7 billion?

Mr Deegan—I have not had the opportunity to look at that website. My staff must be focused elsewhere, whereas your staff are clearly very active on it. That is something that I will follow up.

Senator IAN MACDONALD—Would you be able to express a view on whether the Gold Coast light rail will be viable if private investment is not interested or if it is interested?

Mr Deegan—They are matters in the implementation that the department may be better to address. We gave our advice on the basis that there would be significant private sector involvement.

Senator IAN MACDONALD—Mr Mrdak, perhaps you could just give a comment on the Gold Coast light rail project, its viability and where it is at so far as the government is concerned.

Mr Mrdak—Certainly, Senator. Regarding the Gold Coast light rail, as you are aware, the Australian government made a funding commitment in its budget this year of \$365 million, a capped contribution towards that project, as an equity injection into the consortium project. As Mr Deegan has outlined, the proposal that was put to Infrastructure Australia envisaged a public-private partnership with significant private investment and operation of the rail system. The Queensland government is now undertaking its detailed financial analysis and we are now negotiating with Queensland about how this project will go forward, including how the Commonwealth payment would be made.

The meeting you refer to of 700 people was an industry briefing that the Queensland government organised at that time for potential consortiums that would be interested in tendering for it. Queensland is essentially proposing an operator franchise which would involve a private sector proponent essentially building and operating the Gold Coast light railway with a franchise period of around 30 years. Like most public transport projects, they tend to have a revenue shortfall. Hence the Queensland government is proposing to negotiate

with the successful franchisee effectively an availability payment, which would be a payment to ensure the ongoing operation of that rail line, and which would effectively cover any shortfall with the fare box and also any other costs involved in operating the system that could not be met by the private consortium.

Essentially it is a build and operate franchise proposal that Queensland is now putting together. The Queensland government intends to take this to the market with an expression of interest process for private consortiums later this month, with a view to then going through a formal selection process in the early part of next year that would appoint the franchisee who would build and operate the Gold Coast light railway. With that party, they would then negotiate the amount of availability payment over the 30-year period that Queensland would be required to pay to have that railway operated.

Senator IAN MACDONALD—So you would expect that by the end of next year we would have a firm decision one way or another on whether the project will go ahead?

Mr Mrdak—Certainly, Senator. In fact on the current timetable Queensland intends to have in place by about the middle of next year the franchisee operator for the rail system, having gone through that selection process with a view to then understanding what, if any, contribution Queensland would require. I am not familiar with the number you quoted earlier around the shortfall, but certainly I think Queensland does envisage some availability payment being made to the private sector operator for this rail system.

Senator IAN MACDONALD—Thank you for that. I have two more questions before I pass over to others to follow their projects. You may not be familiar—and I am not sure whether this is to Mr Mrdak or Mr Deegan—with the Townsville port eastern access corridor. It is a 6.5 kilometre rail link taking the main line from the north-west mineral province around the town and into the port from the south, rather than going directly through Townsville with all the safety and traffic interruption projects. I understand application has been made to Infrastructure Australia for assistance with that eastern corridor project—\$180 million I think was applied for. As at two or three weeks ago, there had been no response to that. Mr Deegan, have you focused on that at all or are you aware of it?

Mr Deegan—I am not aware of the request made of my office, if that is the case. I look at all the correspondence and I am not aware of that.

Senator IAN MACDONALD—I was told two weeks ago on 29 September that an application had been made to Infrastructure Australia. I am not sure when it was made but obviously some time before that date.

Mr Deegan—We have a practice of responding to all the people who are generous enough to spend their time on these applications. I will take that on notice and come back to you, Senator.

Senator IAN MACDONALD—Mr Mrdak, it could have come from Queensland Rail, the QR network, which is of course an independent statutory body.

Mr Deegan—I will have to take it on notice.

Senator IAN MACDONALD—You are not familiar with that, Mr Mrdak? It might have gone to the wrong area.

Mr Mrdak—No, I am sorry I am not.

Senator IAN MACDONALD—Mr Mrdak, how much has the department spent on consultancy services since November 2007? Can you provide a complete list of current consultancy services? Is that possible to do?

Mr Mrdak—Yes, certainly. If you can bear with me, I will take that on notice and try and get that to you as soon as possible. That is all consultancies since November 2007 and current consultancy contracts underway?

Senator IAN MACDONALD—Yes, and for each consultancy could you indicate the rationale for the project and its intended use. Also, for each consultancy, please indicate why the department's agencies could not have undertaken that work by themselves, so why did you need consultants rather than doing it internally?

Mr Mrdak—Certainly, Senator. We draw a lot of that from the Senate order and the publication on AusTender; we will pull that together for you.

Senator IAN MACDONALD—My next question is how much the department has spent on advertising and marketing since November 2007 and what the justification is. Again, I think that might be the Senate order.

Mr Mrdak—We do publish those and I will get that information for you.

Senator IAN MACDONALD—If you could also provide a list of discretionary grants that have been made in that period. Again, I think most of these are part of the Senate order.

Mr Mrdak—They are, Senator.

Senator IAN MACDONALD—And the commission reports as well?

Mr Mrdak—I will check the Senate order and if there anything that is not captured there, Senator, I will get that to you through the committee.

Senator IAN MACDONALD—I will stop there for the moment, Chair, but if there is time I would like to come back—although I see Senator Abetz is back.

CHAIR—Thank you, Mr Macdonald, I will go to Senator Milne because I am trying to balance up the parties if we can. Senator Milne.

Senator MILNE—Thank you, Chair. I have a question for Mr Deegan particularly in relation to the upgrading of the national electricity grid and major infrastructure projects. I am concerned that there does not seem to be a way for Infrastructure Australia to identify gaps in the national infrastructure and that it is almost a case of waiting until either the states or the private sector get some project to you. What is the mechanism for Infrastructure Australia to identify itself where gaps in national infrastructure might be? What is the process to respond to those in a general sense, and then in a particular sense in relation to upgrading the grid, to take account of renewable energy or energy efficiency technologies as they come on board? Could you give me an update on that please?

Mr Deegan—There are two parts to our process. As you are aware, last year there was the bottom-up process of submissions across energy, telecommunications, water and transport, and as a consequence there is an identification clearly of a range of gaps. The Infrastructure Australia council has asked my office to prepare some work on the national infrastructure

grid, the nature of the gaps, the operation of the market and how those issues might affect the sorts of issues that you have raised. We are due to report to the council later this year with a substantive piece of work on the national electricity infrastructure grid. From that there will be advice back to government as to a range of options that it might consider. That work is well in hand.

Senator MILNE—Later this year we can expect a report from you to the council and then to the government identifying those gaps?

Mr Deegan—Yes, Senator.

Senator MILNE—Have you already identified other gaps in water, transport and the other issues you mentioned?

Mr Deegan—Sure.

Senator MILNE—Where is the process of reporting back to government in relation to those?

Mr Deegan—It is a similar issue that I responded to Senator Macdonald about. Two of the gaps that have been identified are, firstly, our ports policy—as a nation we do not have a ports policy; and, secondly, our freight policy across the nation—moving goods and services in and out of our cities and into our regional areas. There are some gaps in urban water for both cities and regional townships that again we are doing some work on and reporting back on through to the council, which then will advise government. Then there are a host of issues to do with public transport, as you are aware, including service standards and the sorts of arrangements that might operate on a national basis.

Senator MILNE—What are we going to do about the mess that public transport is in? What is the process for bringing some systemic approach to that?

Mr Deegan—That is very much what we are focused on—a systemic approach to the role that the Commonwealth might play in support for public transport. Clearly the government has indicated, with an enormous amount of funding, its commitment to the public transport area from the Commonwealth for the first time. I think that is already a huge change in approach. We are dealing now with a systemic approach, dealing with service standards, what sorts of standards a customer of public transport should or could expect on a national basis, and that will be advised to the government later this year.

Senator MILNE—Will the systemic approach include a prioritisation process of those things that logically fall out of that as a range of priorities or will that prioritisation process be left to government?

Mr Deegan—No, we will certainly give advice on where we think the screaming needs are, and there are a range of those, as you know, in public transport, and then the options that the government might consider. Some of those are regulatory and pricing issues to deal with the whole transport system, including our road network— issues you have raised previously about the impact on the environment and how those matters are assessed. It will be a fairly comprehensive piece of work that we hope to deliver.

Senator MILNE—If I can return to some time frames, you expect to have a report on the electricity grid issues by the end of this year?

Mr Deegan—Yes, Senator.

Senator MILNE—When would you expect that work would be completed on an assessment of public transport?

Mr Deegan—We are giving a report later this year to the Infrastructure Australia council on urban transport matters, with a particular focus on rail. That is by the end of this year.

Senator MILNE—And water?

Mr Deegan—Water, again, later this year, possibly February next year. There is a fair bit of activity for a small group.

Senator MILNE—There certainly is a fair bit. And on ports?

Mr Deegan—On ports, again, probably February of next year.

Senator MILNE—So we will have all of those to the Infrastructure Australia council and then to government thereafter?

Mr Deegan—Yes, Senator.

Senator MILNE—The government, as you know, provided \$100 million for a pilot of some kind in relation to the intelligent grid in this year's budget. Was Infrastructure Australia consulted about (a) a sum of money and (b) that pilot, or is that separate from the work you have been doing?

Mr Deegan—We are certainly talking to the departments involved in that work. We were not directly linked to the funding decision; that was a decision taken by government. We are working closely with them on the sorts of issues to do with the smart grid. I think just last week the minister for the environment released a major report on smart grid material that we have been having a look at as well as part of our work.

Senator MILNE—Is the report that you are going to produce by the end of the year prioritising upgrading grids to be smart grids?

Mr Deegan—There are a host of big issues associated with it. I do not want to pre-empt that at the moment because we are just working our way through the smart grid issues. The paper that the minister for the environment released just last week identifies a timetable and a process for dealing with some of those smart grid issues as well. We are focused on the major transmission grids at the moment for the gaps and potential gaps that the market might need to address, long-term planning, and others are already involved in that space. We are trying to work with all the players in that space to try to get the best advice to government.

Senator MILNE—This is the final question. Can you reassure me that we are not planning a grid in the absence of it being a smart grid.

Mr Deegan—We are not planning it on that basis, but there is a lot of work to be done on the linkages with the smart grid. We are not doing it in isolation of it but we may not have all the answers by the end of this year from our work.

Senator MILNE—Nevertheless, it is on your radar to try to incorporate intelligence into the grid as it is rolled out?

Mr Deegan—Indeed, and, as the minister at the table would indicate, the benefit of the broadband network will also assist in the smart grid's future development.

Senator MILNE—I am aware that the smart grid is one thing that minister actually does understand.

Senator Conroy—I am hurt.

Mr Deegan—It is apparently one of his many virtues, Senator.

Senator MILNE—That is one of the things he does understand. Thank you. I will be very interested at the next estimates subsequent to the release of presumably the government's report after yours. Thank you for that.

CHAIR—Thank you, Senator Milne. Senator Adams.

Senator ADAMS—Thank you very much. Mr Deegan, could you give me an overview of the remote and indigenous water supply projects that Infrastructure Australia is working on?

Mr Deegan—Senator, as you are probably aware, subsequent to the release of our report, the Commonwealth government appointed an Indigenous infrastructure coordinator. Mr Brian Gleeson was appointed to that role within the Commonwealth Department of Families, Housing, Community Services and Indigenous Affairs. Mr Gleeson has primary carriage for those matters and the question is probably best directed to him. Again, we act as an advisory body, and the advice of the council was that this was an area that the government should focus on and they have responded appropriately.

Senator ADAMS—I will have to chase Mr Gleeson up from FaHCSIA.

Mr Deegan—Yes, Senator.

Senator ADAMS—Thank you very much.

Senator WILLIAMS—Mr Deegan, welcome. It was unfortunate we could not meet up in New England earlier in the year. You did say you could come at a later date with the minister, but I was unfortunately at Senate hearings. Did the minister put any pressure on you about coming up on your own to talk with us?

Mr Deegan—No, not at all. It was a family issue, as I previously indicated.

Senator WILLIAMS—Yes, I understand it was a family issue. But later on—

Mr Deegan—No, later I mentioned to him as a courtesy that I had not been able to attend your very kind invitation and he indicated an interest in attending as well.

Senator WILLIAMS—We might try doing that at some later date.

Mr Deegan—Thank you, Senator. We would look forward to that.

Senator WILLIAMS—I just want to get onto adaptable and secure water supplies. Are you aware whether any water supply projects in regional areas have been considered for funding?

Mr Deegan—Within Infrastructure Australia some projects were considered for funding for water in regional parts of the country, but without sufficient preparation to take forward at this stage. As you are aware, the National Water Commission and the Commonwealth

Department of the Environment, Water, Heritage and the Arts are involved in those issues as well. Some of the work we are doing with the Commonwealth department relates to, again, the gap analysis associated with some of the longer term water projects in towns like Bathurst and Orange in New South Wales, and some parts of Tasmania. We are talking to the Tasmanian government about a range of issues, and of course there are a host of other issues associated with indigenous water matters.

Senator WILLIAMS—Have you ever heard a town called Barraba?

Mr Deegan—I know Barraba, yes, Senator.

Senator WILLIAMS—Do you know if Barraba has put in an application for any funding under an Infrastructure Australia recommendation for water supply?

Mr Deegan—I would have to take that on notice.

Senator WILLIAMS—Would you take it on notice. I am very keen, because it is a good little community that is desperate for some water. I want to take you to the Melbourne to Brisbane rail link and ask you a question I put on notice last time. In February, I asked a question about the \$2.6 billion cost of the 1,900-kilometre inland rail project between Melbourne and Brisbane and why 50 kilometres of track was so expensive. Your reply was that the costs were under review. Obviously there is rough terrain et cetera. Is that still the case? Has that review been completed?

Mr Deegan—For the inland rail proposal?

Senator WILLIAMS—Yes, for that 50 kilometres that was so expensive. Your reply was:

The terrain and location is substantially different with a host of different issues. Cost estimates for Melbourne to Brisbane are under review.

Mr Deegan—Sure, and that was in relation to the cost estimate for the underground tunnel in the city compared to some of the inland rail terrain, with bridges and other things. My understanding is that the inland rail consortium hopes to make some announcements shortly in relation to that project.

Senator WILLIAMS—Do you think they are making good progress on the inland rail? I am seeking your opinion. I should not ask it that way, but I am just very keen to see how it is progressing.

Mr Mrdak—Senator, if I may, the Australian Rail Track Corporation, which is appearing next, may well be able to assist you. It is undertaking the work for the Australian government in relation to the further assessment.

Senator WILLIAMS—If someone else wants to ask a question, I will come back with some more later on.

Senator NASH—Mr Deegan, has Infrastructure Australia developed a long-term plan for Australia's infrastructure needs over the next 20 years?

Mr Deegan—Yes, Senator. In our report, which was released with the Commonwealth budget in May 2009, we set up a process for dealing with a long-term plan for the nation's infrastructure. For example, in the ports plan that we are working on we are looking at a 50-year horizon for the nation's ports. Tied into that will be clearly an obvious connection with

the freight plan associated with that work. There is a host of other activity in transport, water and energy.

Senator NASH—When you say ‘a host of activity’, what does that actually mean?

Mr Deegan—As I outlined to Senator Milne—

Senator NASH—I do apologise. I have been out of the room for a bit. If at any stage I ask a question that has already been asked, please just pull me up.

Mr Deegan—No, that is fine. Although we do find it curious that we get exactly the same questions from different senators in the process of questions on notice. Senator Abetz talked about efficiency from the public sector. I am sure the Senate committee could help us with that as well, because it becomes very frustrating following it all.

CHAIR—Well said, Mr Deegan.

Senator NASH—We work very closely together, Mr Deegan.

Mr Deegan—And we would be happy to do everything we can to assist you in that process.

Senator NASH—Is there anything else the committee could do better to assist you in your answering of questions on notice?

Mr Deegan—Let me add that the work we are undertaking in this area for the long-term benefit of the nation is focused on the big policy gaps that have been left over a long period.

Senator NASH—I will undertake not to put questions on notice on my website and ask you to go and take them off there.

Mr Deegan—No, I am happy to do that, Senator.

Senator NASH—Wonderful. Thank you.

Mr Deegan—I am trying to assist you, Senator.

Senator NASH—Of course you are. I am very pleased to hear it. Whereabouts does the Major Cities Unit reside? Where is the head office?

Mr Deegan—In Sydney.

Senator NASH—Whereabouts?

Mr Deegan—In the Deutsche Bank building, on the corner of Phillip and Hunter streets, just down from Macquarie.

Senator NASH—How long has it been there?

Mr Deegan—It has been there about 12 months.

Senator NASH—Why was that location picked or decided on?

Mr Deegan—My understanding is that government wanted to send a clear message about their engagement with the cities and thought it appropriate to have the Major Cities Unit both co-located with Infrastructure Australia and in the nation’s largest city.

Senator NASH—Is the taxpayer paying what you would call average rental for the floor space in that building when it comes to city average costs?

Mr Deegan—It is average for that building, Senator.

Senator NASH—No, I did not ask that question. I said is it average for the city.

Mr Deegan—I can provide you with the detail.

Senator NASH—If you said it is average for that building, should I assume then that it is going to be more than the average for the city?

Mr Deegan—The process, as I understand it—and these decisions were taken before I was engaged—is that the government wanted to send a clear message about the role that Infrastructure Australia would play and wanted them in a prominent CBD building in Sydney. So the rents are higher than the average.

Senator NASH—So in a flash place at a higher cost to the taxpayer?

Mr Deegan—Sorry?

Senator NASH—In a flash place at a higher cost to the taxpayer?

Mr Deegan—They are your words, Senator.

Senator NASH—Sorry?

Mr Deegan—They are your words.

Senator NASH—Indeed, they just came out of my mouth. Exactly what is the cost per square metre that is being paid for this location?

Mr Deegan—I will take that on notice, Senator.

Senator NASH—Do you have a ballpark figure of roughly how much above the average that is?

Mr Deegan—I will take that on notice, just in terms of accuracy.

Senator NASH—Thank you very much. When you say the government wanted to send a clear message, can you be a little more specific in what you mean about the clear messages from residing in a building where you are in above average cost per square metre for building location in Sydney?

Mr Deegan—Senator, again, this decision was taken before I was engaged.

Senator NASH—I understand that, but you just said to me the government wanted to send a clear message. I am trying for the committee to be very clear on the understanding of what that clear message is that requires a higher payment from taxpayers.

Senator ABETZ—‘We can spend money like nobody else.’

Mr Deegan—We are dealing with all of the governments across the country and we have substantial engagement with the private sector on a daily basis—with the major banks, major investors, major construction companies and others. We are in a similar environment to those major institutions.

Senator NASH—No, I understand that, and I take that point—thank you very much—but what is the clear message that government is trying to send by spending above average on a location for the Major Cities Unit?

Mr Deegan—Sorry, Infrastructure Australia and the Major Cities Unit are co-located.

Senator NASH—Yes.

Mr Deegan—And the message, from my understanding at the time, was that the Commonwealth government was indicating that they wanted to work with the big end of town, if you like, and locate with the big end of town, to try and change the nature of investment in our infrastructure. Very much part of our brief is engagement of private sector funding in the infrastructure challenges associated with what we are trying to do as a nation.

Senator NASH—Are you saying that the big end of town would not engage with government if your premises were of average cost to the taxpayer across the Sydney CBD?

Mr Deegan—Senator, there was a clear decision to locate Infrastructure Australia and the Major Cities Unit in our nation's biggest city, not in Canberra.

Senator NASH—I understand that. I am not talking about Canberra or Brisbane or Melbourne or Darwin or Botswana or anywhere—we are talking about Sydney.

Mr Deegan—Indeed, and there are a host of issues associated with—

Senator Conroy—The approach taken by this government stands in stark contrast to that taken by the previous government, where you completely ignored cities. We are actually working with cities as well regions.

Senator NASH—Let me go back to Mr Deegan and try and get an answer to the question.

Senator Conroy—To try and make something, quite bizarrely, of where you situate it is just a waste of the Senate estimates' time.

Senator NASH—No, I think Senate estimates are precisely for this reason. It is about understanding the cost to the taxpayer of the business that the government is doing and the policies that they have in place. I would say it is precisely the right place to be asking these questions. I think taxpayers across the country—mums and dads and those working families—need to have a very clear explanation of why they are paying above average costs for floor space for Infrastructure Australia and the Major Cities Unit in Sydney because, and I quote, 'the government wanted to send a clear message'. If the clear message is, as you said, Mr Deegan, you needed to be able to work with the big end of town, as I said, my question is: would the big end of town not be dealing with the government if you were in a building of average floor space cost?

Mr Deegan—Senator, I think I have contributed as much as I can to the question.

Senator Conroy—I think it was more a rhetorical question.

Senator ABETZ—Can I quickly ask a follow-up question. Are you saying, Mr Deegan, that if Infrastructure Australia and the Major Cities Unit were located even one block away, the private sector would not be as engaging with the federal government as if it were in the Deutsche Bank building?

Senator Conroy—I am confident that that is a rhetorical question.

Senator ABETZ—No. You might think it is rhetorical, but some Australians are, in fact, concerned about the expenditure of public money.

Senator NASH—Absolutely.

Senator ABETZ—A clear message was being sent, allegedly, by the Australian government in housing this part of the department in what seems to be one of the most expensive real estate sites in Sydney. Senator Nash, I think, is quite right to ask Mr Deegan what that clear message was. The clear message was, according to Mr Deegan, about engagement with the private sector and the big end of town. We are asking: if it were one block away in substantially cheaper rental accommodation, is it Mr Deegan's evidence that the private sector and the big end of town would not be visiting for the federal government handouts?

Senator Conroy—I think you are giving a speech rather than asking a question.

Senator NASH—No, it is a very serious question.

Senator ABETZ—I am summarising. If I have done any injury to Mr Deegan's evidence, that is fine—let him point that out.

Senator Conroy—I think you have summarised in the version of an opinion rather than a substantive question, Senator Abetz.

Senator ABETZ—No.

Senator NASH—I think he is rephrasing the question because it had not been answered adequately, Minister.

Senator Conroy—I appreciate your opinion.

Senator ABETZ—Mr Deegan, are we going to get an answer?

Mr Deegan—I think I have responded appropriately, Senator.

Senator ABETZ—Can I ask you directly: are you saying that the big end of town/private sector would not engage with Infrastructure Australia and the Major Cities Unit if they were located in cheaper accommodation only one or two blocks away from where they are currently situated?

Senator Conroy—The question you have asked is almost identical in substance. You have changed a few words from the previous question. Mr Deegan has indicated he has answered the question. If you want to ask it five more times in five more different ways, Senator Abetz, you are entitled to.

Senator NASH—And get five more different ways of not getting an answer, Senator Abetz, more than likely.

Senator Conroy—You are entitled to.

Senator ABETZ—We are entitled to and we will because then we will have on the public record once again Mr Albanese's ministry and department obfuscating in relation to answers. It is like being told to refer to a website—

Mr Deegan—I object to that, Senator.

Senator ABETZ—refer to the House.

Mr Deegan—Mr Chairman, I object to any suggestion that I have obfuscated. I would like that withdrawn.

CHAIR—I think it is a fair request, Mr Deegan.

Senator ABETZ—I will not withdraw it.

CHAIR—I think that is a fair request.

Senator ABETZ—No, I will not withdraw it.

CHAIR—I think that is a fair request, Senator Abetz.

Senator ABETZ—I will not be withdrawing the word ‘obfuscation’.

Senator NASH—He has not answered the question, Chair.

CHAIR—You asked the same question—

Senator NASH—No.

CHAIR—three or four different ways.

Senator NASH—Senator, to be clear—

CHAIR—Senator Nash, sorry, I have sat here quietly and listened. The modus operandi of Senator Abetz with his legal training is to keep asking the same question with different words 10 or 12 times. It happens at every estimates round. Do not deny it. Mr Deegan has answered you question.

Senator ABETZ—He has not.

Senator NASH—He has not.

CHAIR—I will sit here all day. I do not give a fat rat’s backside. You can ask it 50,000 times. It is your time.

Senator NASH—Can I intervene?

CHAIR—Keep using your time.

Senator ABETZ—Well, then, stop interrupting.

CHAIR—Do not tell me to stop interrupting. You are the one who interrupted.

Senator Conroy—Senator Abetz, can we find a way to move forward? I am sure you meant no offence at all and that you were just being colourful. So can we find a way to move forward?

Senator ABETZ—The way to move forward is for Mr Deegan and Mr Albanese’s department to answer a very simple question. The assertion was made that this section of the department had to be ensconced in one of the most expensive real estate sites in Sydney—chances are the country—to ensure that the big end of town would engage. I repeat my question, or Senator Nash’s question in fact: if it were located in cheaper accommodation one or two blocks away, is it genuinely Mr Deegan’s assertion that the big end of town and private sector would not engage with the Commonwealth in this area of public policy?

Senator NASH—And Mr Deegan did not answer my question.

Senator ABETZ—And Mr Deegan is not answering.

Senator Conroy—The fact is you did not like the answer or the way it was expressed.

Senator NASH—No, he did not answer, Minister.

Senator Conroy—It is entirely up to Mr Deegan.

Senator NASH—He did not answer it, Minister.

Senator Conroy—If I can just finish, Mr Deegan has indicated that he believes he has answered the question. Senator Abetz, you can be as colourful and as entertaining as you always are when referring to the minister. I am sure he has a thick skin. I am sure you do not mean to be discourteous. That is not your natural approach to Senate estimates because it is never your intention to be discourteous. I am trying to move forward so that we can get some answers to your questions. I am sure you did not mean to be discourteous to Mr Deegan, and I am sure if we can move on from this, we can keep going with the Senate committee's questions. Mr Deegan has indicated that he is offended. I am sure you did not intend to offend Mr Deegan. I am sure you did intend to offend Mr Albanese but I am sure you have not succeeded.

Senator ABETZ—I will withdraw it.

Senator Conroy—Thank you.

Senator ABETZ—No, I will withdraw you if I get an answer, because if I get an answer, then the assertion of obfuscation clearly would be inappropriate. But until such time as I get a direct answer to the question, then simply saying, 'I do not want to add any more,' is not an answer. In anybody's definition that is, with great respect, obfuscation, and I do not withdraw the term until I get an answer.

Senator Conroy—Perhaps I can assist by taking on notice the question to see if there is any further information that we can give you in terms of the answer. Perhaps that might facilitate—

Senator ABETZ—Minister, you are entitled to do that. There is nothing Senator Nash or I can do about that, but it just adds to the obfuscation and you are now part of it.

Senator Conroy—I appreciate that you can describe me in that way, but I am sure that you do not mean to be discourteous to the witness, because that is not your natural style, Senator Abetz.

Senator O'BRIEN—Does that mean that any time that the former government took questions on notice they were obfuscating?

Senator NASH—No, can I—

Senator ABETZ—Go back to sleep, Senator O'Brien.

Senator O'BRIEN—I was not asleep. I was trying to make some sense out of what you are saying.

Senator NASH—Senator O'Brien, if I can perhaps clarify it for you, it was not an offer to take a question on notice. Mr Deegan said that he believed he had answered the question. I had a different view. I did not believe he had answered the question. Senator Abetz asked the question in a slightly different form to perhaps get an answer. We still do not have an answer.

In terms of the committee moving forward, I appreciate Mr Deegan's offer to provide to the committee the cost of rental or lease, whichever way it is working with the building. He also undertook to provide for the committee a comparative average building floor space rental cost in the city of Sydney.

Senator Conroy—Can I just say I am not actually sure—

Senator O'BRIEN—The minister then said that he was taking the question on notice. Senator Abetz said that that was obfuscating. I then asked: does that mean in your view that when your government was taking questions on notice you were obfuscating?

Senator NASH—You are not assisting, Senator O'Brien.

Senator O'BRIEN—That was my comment. Then we get the trivial and childish response—

Senator NASH—I was going to finish up there, Minister.

Senator Conroy—No, I just wanted to make the point that I am not sure that Infrastructure Australia or the department has a ready reckoner of floor space costs around the Sydney CBD.

Senator NASH—Then why—

Senator Conroy—If there is any information that we have we will see if it is available, but I am not sure that it is in their purview to have it. They can only give you the information that they actually have.

Senator NASH—We might have to come back to this after the break, Chair.

CHAIR—We have been on it for the last 10 minutes. Do you need to come back and revisit it, Senator Nash?

Senator NASH—Absolutely. Minister, would it not be the case that, surely, if the department had any financial responsibility, it would determine what the average cost of rental space in Sydney would be before it made a decision on the amount of taxpayers' money it was going to spend on a location for Infrastructure Australia and the Major Cities Unit? To say that they would not know implies either lack of due diligence on the part of the department—

Senator Conroy—I said they may not have the information.

Senator NASH—to know the average price across the city.

Senator Conroy—You have asked a very broad question. I am just not sure that there is a definition within it that enables them to respond meaningfully to your question.

Senator NASH—If I could help, and it might assist the department, perhaps Mr Deegan could look at the highest price and the lowest price available for that type of location and give the committee an average in the middle.

Senator Conroy—I am not sure what that has to do with Senate estimates.

Senator NASH—Because we are trying to determine why the taxpayer is paying more than the average in the city of Sydney for a location for Infrastructure Australia and the Major Cities Unit. It is entirely pertinent to the estimates process, Minister, as you would well understand.

Senator Conroy—What is pertinent is actual Commonwealth expenditure. I am sure you will enjoy the next answer. I am sure there are a number of real estate sites you could tour to find out what averages are. To ask Mr Deegan or the department to do a tour of real estate sites because you would like to know an average figure across the Sydney CBD is probably not an appropriate use of their time.

CHAIR—It is 10.30.

Senator NASH—Minister, I will come back to that when we come back.

CHAIR—We will take a short break.

Proceedings suspended from 10.31 am to 10.45 am

Senator NASH—We were just on the issue of the cost of floor space for the building that you are in. I appreciate that you may have to take this on notice—I want that to be very clear—but did the department undertake to determine what would be an average cost of floor space for a similar type of accommodation for Infrastructure Australia and the Major Cities Unit before they decided to go ahead with the location that you are currently in?

Mr Mrdak—That is probably one for me. Yes, my understanding is the department did do an analysis. I do not have that here, but I am happy to take that on notice to determine the analysis that was undertaken which led to the department contracting the floor space which is occupied by Infrastructure Australia.

Senator NASH—That is very helpful; thank you very much. It probably answers the minister's consternation about whether or not the department would have any knowledge about the average price of those kinds of locations in the city. I take it from that that it is likely that we might get that information. Indeed, it is quite probable. Indeed, it is probably certain. So thank you very much.

Mr Mrdak—The analysis we would have done would have been at the time the lease was entered into last year. We would not have current market information, but we would certainly be able to provide you with information on the context in which the department entered that lease.

Senator NASH—That is perfectly understandable, Mr Mrdak. Thank you very, very much for the most helpful piece of information all morning. Mr Deegan, just finally, do you have views of the harbour out of your office?

Mr Deegan—Yes, Senator.

Senator LUDLAM—I will not ask you about the views from your window. For some of these questions you might refer me to Infrastructure and Surface Transport Policy. I have a couple of questions about the bids into the previous Infrastructure Australia rounds from Victoria. You would probably be aware that state and federal government departments have refused freedom of information requests on details of the Victorian government's bids to Infrastructure Australia around the cost and benefits and so on. Are you aware of those?

Mr Deegan—There are a range of responses from jurisdictions. I would have to go and check exactly. I think Victoria had made a lot of information available. I would have to check the detail of that. That may well be accurate, but I would just need to check.

Senator LUDLAM—It is certainly my understanding that departments at both levels have refused FOI requests on some of the specific financial underpinnings of some of those proposals, including some that were funded in the last Commonwealth budget. I am keen to know whether Infrastructure Australia had made available all of the information pertaining to those bids or whether some information was withheld.

Mr Deegan—I think we had very comprehensive information on the projects that we recommended for funding. We sought our own advice, in any event.

Senator LUDLAM—Your own advice?

Mr Deegan—We sought our own advice, in any event.

Senator LUDLAM—Do you undertake independent modelling, for example, of traffic projections and that sort of thing when you get a road funding proposal?

Mr Deegan—For all of the proposals, we had a set of internal senior staff experts in this area, and external advisers as well, and went through those sorts of issues in a huge amount of detail. We would check and countercheck the proposition put by each of the jurisdictions and, indeed, others.

Senator LUDLAM—With regard to the projects in Victoria that were actually funded in the last federal budget, could you come back to us with some information about whether all of that information that has actually been withheld from the public domain was made available to Infrastructure Australia? If you like, I can provide the details you some specific documents that have been refused. I will do that after the hearing.

Mr Deegan—Thank you.

Senator LUDLAM—Some of this relates to airports, so I might just leave it. Do you have any involvement in the planning process for projects that are undertaken on Commonwealth airport land?

Mr Deegan—As part of the work that the Major Cities Unit does in close cooperation with the airports division of the department, we are consulted in that process about some of the planning issues. Regarding the propositions coming to us about linkages with airports, we provide some advice about the sorts of issues we have looked at, whether they be road, rail links or others. It is a cooperative, collaborative effort on that work.

Senator LUDLAM—That is helpful. You would be aware that in recent years there has been a degree of controversy over developments on airport land that are essentially exempt from state and local planning policies because it is Commonwealth land. What sort of role have you tried to play in bridging that gap? I am aware certainly from the point of view of Sydney, Hobart and Perth airports there has been a degree of controversy in that regard.

Mr Deegan—These are probably matters better addressed by the department. We are involved in the broader understanding of how those sites fit into the infrastructure of those cities, but we are not so much involved in the local planning matters on the sites themselves.

Senator LUDLAM—All right. Can you tell us whether there have been any propositions to you from the Western Australian government for funding of the Roe Highway extension in the southern suburbs of Perth?

Mr Deegan—There have been a range of discussions with the Western Australian government about road linkages in and out of the airport.

Senator LUDLAM—No. This is a different part of the city.

Mr Deegan—Primarily our focus has been about transport issues in and around the airport—public transport and roads. There may be applications through other processes for some of those roads to which you refer, but I will double-check.

Senator LUDLAM—If you can. The road link that I am specifically interested in is the Roe Highway stage 8 extension. Can you tell us the status of negotiations—whether there have been any formal or informal requests or sounding out for Commonwealth funding—for that proposal?

Mr Deegan—I can report to you on whether there has been any material to Infrastructure Australia but, again, the department may be better placed to respond to that.

Senator LUDLAM—That is all right; I will put it to them also. Are you playing a role strategically in evaluations of regional transport networks or are you really just project focused and you have to evaluate projects as they come to you?

Mr Deegan—The first time around in the first 12 months there was a lot of focus on individual projects but, again, as I think I said in response to Senator Nash and, indeed, Senator Milne, the second stage and the more detailed work we are doing is a top-down view of the sorts of issues that affect both cities and regional towns, particularly transport and water.

Senator LUDLAM—Sticking with transport just for a moment, it was raised in the public transport inquiry that you are no doubt aware of that there is a bit of a planning gap in cross-border rail lines. The example that came to light most forcefully was that, between the Gold Coast and northern New South Wales, there is a section of rail missing. It was put to us by some of the local people there that there is actually no mechanism for that cross-state planning. Are you aware of that particular rail link?

Mr Deegan—It is one of the issues that the nation faces generally. The only cross-border proposition that we saw was one between South Australia and Victoria, with a detailed proposal that they had worked up in relation to plantation timber. We have discussed with both Queensland and New South Wales governments some of the issues around cross-border and the whole growth of that region. Indeed, I think one submission we saw was a proposal to move the border south to Ballina.

Senator LUDLAM—I have not heard that.

Mr Deegan—It was a very creative solution to some of the challenges that area faces. But they are just discussions. I also understand that the New South Wales ministry of transport with their new integrated transport approach is looking at a host of transport issues right across the state, no doubt including access to Coolangatta, the Gold Coast and then Brisbane as well.

Senator LUDLAM—One of the things they are looking at is actually tearing out that rail line that still exists in that corridor that goes up as far as Murwillumbah.

Mr Deegan—Casino to Murwillumbah.

Senator LUDLAM—Right. So there is a rail corridor there. The communities in that part of the country actually were created along that rail line. The New South Wales government is now looking at going further than taking the service off the line and taking the line out all together. I realise that your role is mainly about provision of infrastructure, but what role would you play if a government was considering taking out a key piece of infrastructure?

Mr Deegan—There are a range of issues to do with rail in New South Wales and Western Australia in particular—some to do with grain and others to do with passenger transport operations. The extent to which we get involved depends on the long-term national productivity issues associated with those rail lines. We have had discussions with a number of community groups involved in the Casino Murwillumbah process, some of whom sought funding for the rail to be restored from the Commonwealth. You get those tensions between state and Commonwealth governments in those matters. They are productive discussions at the moment. I am not aware of proposals to remove the line but, again, I will take that on notice and see what I can find out.

Senator LUDLAM—I might be able to provide you with some material as well. It seems that you are in discussions with some of those groups, and I realise that it is quite a politically charged issue. Moving across the country to Western Australia, can you tell us the status of your thinking on the grain line? Again, there is a proposal to basically eliminate quite a bit of the rail track in WA.

Mr Deegan—There is a separate review that the department is engaged in on grain issues in Western Australia. The department may be better able to respond. Certainly, as part of our ports and freight work, we have an overview of grain issues across the country. But the detailed report on grain rail in Western Australia is a matter for the department to respond to.

Mr Mrdak—The first report in relation to the WA grain lines, which was a commitment the government gave in the election to undertake, has been completed. Discussions are now taking place between the Australian government, the WA government and rail operators and users in WA in relation to how we take that forward, particularly in the development of an investment program. I might ask my colleague, Ms O'Connell, to give you an update on where that work is at.

Ms O'Connell—As my colleague said, that study has been undertaken and the government is considering a response to that study and the work that will be undertaken that follows from that.

Senator LUDLAM—Can you tell us what the approximate timetable for a response might be?

Ms O'Connell—Certainly. I will find out and then come back to these hearings and let you know.

Senator LUDLAM—I would appreciate that. I will leave it there. I might come back to this later if there is time.

Senator IAN MACDONALD—I have a couple of very quick parochial points, one might say. Abbot Point, just north of Bowen, the new centre of all energy activity—

Senator Conroy—Are you back to my airport?

Senator IAN MACDONALD—I was not even going to ask about that, Minister, because it is actually being done.

Senator Conroy—Have you delivered?

Senator IAN MACDONALD—Not quite.

Senator Conroy—You have put my name forward, haven't you?

Senator IAN MACDONALD—It is not quite to the extent that we wanted. Because I am not sure about the naming yet, I was not even going to raise it.

Senator Conroy—You did not want to get my hopes up; I appreciate that.

Senator IAN MACDONALD—I understand that some money from Queensland and the Commonwealth has been put into Currumbin—not the full thing.

Senator Conroy—Thank you for your thought, and I appreciate your support of the program.

Senator IAN MACDONALD—It is good to see it happening. With respect to Abbot Point at the other end of Queensland—well, not quite the other end—have you received any applications from the Queensland government for the massive amount of work that is proposed for that new power house energy hub of Australia?

Mr Deegan—Yes. On page 10 of our report provided with the budget, we identify the Abbot Point multicargo facility in Queensland as a priority infrastructure pipeline project with real potential and one that we are continuing to work on with the Queensland government.

Senator IAN MACDONALD—What would we see publicly? It is in your report; is that publicly available?

Mr Deegan—Yes.

Senator IAN MACDONALD—Is there any more detail anywhere on a website that is publicly available?

Mr Deegan—I will check that for you. I think Queensland have quite a considerable amount of material about the Abbot Point proposal publicly available, but I will check that. I will take that on notice.

Senator IAN MACDONALD—Yes. Do not give it to me; just refer me to it. I know that is contrary to what we were saying before, but that would be better in this instance. Mr Mrdak, do you know where that might be on the priority list? Obviously Infrastructure Australia is still doing the work on it, but what are the steps from there?

Mr Mrdak—If the Infrastructure Australia council was to determine that this was a project which had met their criteria in terms of national investment priorities, economic significance and deliverability, then they would provide advice on that project to the government. It would then be subject to government's consideration as to what, if any, Australian government contribution might be made to that project.

Senator IAN MACDONALD—Thank you for that. Moving on to the Torres Strait Islands, the airport up there at Horn Island suffers at the moment because you cannot get those

Q400 aircraft in and the bigger Dash 8s. As you know, getting to the Torres Strait Islands is entirely dependent upon air transport, which is what the problem with the Q400s is all about. They cannot land at Horn Island, and they have made an application to Infrastructure Australia for assistance. Mr Deegan, are you aware of that?

Mr Deegan—I will take that on notice. A lot of projects are before us, and I will just check whether that has come to us or gone to the department, or both.

Senator IAN MACDONALD—Okay. Also, could you give me any update on notice on what is happening at Horn Island. It is a very, very essential piece of infrastructure that ticks a lot of boxes, not just in the infrastructure area but in the social inclusion area as well. I would be interested to see where it is going and perhaps to draw your attention to it.

There is what is called an alliance, a northern mayors' alliance, which is really the local government leaders from Northern Queensland. They made a list of submissions to Infrastructure Australia, as I understand it, about a range of projects, such as stage 2 of the Burdekin Falls Dam, the Connors River overflow on the Flinders, the Mount Bedford irrigation project, Port Abbot, which we have mentioned, Peninsula Road, and various others, including the Townsville to Mount Isa railway line, major upgrades, a baseload power station and the Bruce Highway. Mr Deegan, do you recall or are you aware of a sort of group approach for general funding for that area?

Mr Deegan—Yes. A number of parts of the country had local government, state government and, indeed, in some parts, the Commonwealth working together with private sector players to draw together a submission for a whole region. It is certainly an approach that we would encourage because that way you get the whole range of things. South-East Queensland mayors put in a submission; people in the Pilbara have been putting together some sensible work; south-west Western Australia have done so; and I have mentioned before that South Australia and Victoria worked collaboratively together on a project across the border. Some of the issues that Senator Ludlum raised about New South Wales and Queensland is an area where there could be such an approach. We are continuing to work on that northern alliance series of proposals. I understand there are some further discussions next week here in Canberra about some of the energy issues associated with that area in particular. I understand that both members of the department and I will be attending that to get further information and have further discussion with those key players.

Senator IAN MACDONALD—Okay. Is that with the mayor, Councillor Les Tyrell?

Mr Deegan—I do not have the names with me, but I could check them.

Senator IAN MACDONALD—Councillor Tyrell is sort of coordinating the approach. Thank you very much for that. I guess, apart from telling me that you are pursuing it and meeting regularly, there is not much additional information you can give me at this stage of the game?

Mr Deegan—Not at this stage, but I think the group is fairly public about the sorts of issues that they are pursuing.

Senator IAN MACDONALD—As an aside to that, Mr Deegan, what is the extent of your staff? Are you adequately resourced?

Mr Deegan—Including the Major Cities Unit, we have 16 staff.

Senator ABETZ—They are adequately housed.

Senator IAN MACDONALD—I understand that. Are they technical people? Are they engineers and surveyors?

Mr Deegan—We have a range of skills on staff. We have someone who was previously with Commonwealth Treasury, someone who was previously with the Reserve Bank, economists, a couple of transport experts, some planning people, some people with a background in engineering and some people with a background in major project direction and development. Three or four of our staff have been involved in the delivery of major projects either in public or private or both. So we have a whole range of skills. We are blessed with some terrific people.

Senator IAN MACDONALD—Do you have to meet the market to get the right skills with respect to salary?

Mr Deegan—Fortunately, we have many, many people seeking to work with Infrastructure Australia. It is seen as a great opportunity to change the direction of the nation. They are paid at Public Service levels.

Senator IAN MACDONALD—With what you read in the papers about planning and development applications in New South Wales, do you have a bodyguard on staff as well?

Mr Deegan—Not currently.

Senator IAN MACDONALD—Thank you.

Senator ABETZ—In relation to the projects assessed and recommended by Infrastructure Australia, do you undertake any modelling or analysis of those projects?

Mr Deegan—Yes.

Senator ABETZ—Do you undertake modelling?

Mr Deegan—Yes.

Senator ABETZ—Will you be in a position to release that modelling so that the Australian people can experience the wonderful transparency of this government that we were advised about before?

Mr Deegan—The methodology that we use for the assessment is publicly available. It has been updated after a series of discussions with people in government and the private sector, academia and elsewhere. As to whether the analysis is released, that is a matter for government.

Senator ABETZ—I know about the methodology, but I am wondering about the modelling and analysis for each individual project.

Mr Deegan—The release of that material is a matter for government.

Senator ABETZ—Minister, will the government provide to the Australian people the modelling and analysis of each project that we are told does exist?

Senator Conroy—I am happy to take that on notice and get the minister's advice.

Senator ABETZ—I think I may know what Mr Albanese's answer will be on that.

Senator Conroy—I am sure there is a website.

Senator ABETZ—There might be the exception that proves the rule, so we never know. Mr Deegan, is Infrastructure Australia aware of any industry concerns about the process by which Infrastructure Australia selects its recommended infrastructure priorities?

Mr Deegan—There is a broad support across industry for the process and methodology that we have applied to the projects. There is a huge amount of interest and support from industry generally about the projects that we have recommended and that the government has decided to fund. The major concern from industry is that they would like to see the process continue as quickly as possible. There is a lot of interest in the ports policy and freight policy because of long-term changes to the way decisions are made about infrastructure spending.

Senator ABETZ—It is nice to hear about the support and the interest, but the question was about any industry concerns about the process by which you make selections.

Mr Deegan—I am not sure what you mean by 'industry concerns'. Is there something that I could assist you with more directly?

Senator ABETZ—Have you received any industry concerns about the process? You either have or you have not.

Mr Deegan—Not that I am aware of.

Senator ABETZ—No concern has been expressed. Thank you. What advice does Infrastructure Australia provide to the Prime Minister's department on infrastructure priorities?

Mr Deegan—The advice that the Infrastructure Australia council provides is to the minister for infrastructure. That advice is then taken, as I understand, from the minister to the cabinet process, which is the normal arrangement. You will be aware that the Secretary of the Department of Prime Minister and Cabinet is a formal member of the Infrastructure Australia council.

Senator ABETZ—Do you make any direct provision of information to the Prime Minister's office?

Mr Deegan—No.

Senator ABETZ—But, of course, you have that conduit via the secretary of Prime Minister and Cabinet?

Mr Deegan—As a part of a formal process.

Senator ABETZ—Has the government rejected or recommended projects that are contrary to the suggestion of the infrastructure council?

Mr Deegan—Our role is to provide advice; governments decide. We clearly recognise that is the appropriate arrangement.

Senator ABETZ—I am asking you whether your advice has been rejected on some occasions.

Mr Deegan—There were a range of projects that we put forward for recommended funding. Some were supported and some were not in the normal process within government.

Senator ABETZ—So some of your recommendations were not supported. Dividing that into two, have any projects that you have recommended been rejected?

Mr Deegan—You would be aware that one of the recommendations from Infrastructure Australia was for the funding of the Majura Parkway stage 2 in the ACT. The government decided that they would not fund that at this stage.

Senator ABETZ—That is one example. Are there any other examples?

Mr Deegan—That is the clearest that I have from my list.

Senator ABETZ—I am not worried about clear examples. They have either been accepted or rejected.

Mr Deegan—We also supported and recommended funding for the Adelaide rail freight junctions and level crossings at Goodwood and Torrens in South Australia.

Senator ABETZ—And that has been rejected.

Mr Deegan—I understand government is considering other alternatives to that, but that has not been supported by the government at this time.

Senator ABETZ—Have there been, on the other side of the ledger, any projects that you have not recommended that have been funded?

Mr Deegan—There are a series of projects in the pipeline that the government decided to put funding to, but they have been very public about it.

Senator ABETZ—That you rejected.

Mr Deegan—No, projects that we had in the pipeline that the government has taken an early decision for funding on.

Senator ABETZ—When you say ‘an early decision’, that is before any modelling or analysis had been completed.

Mr Deegan—No.

Senator ABETZ—If the modelling and analysis had been completed, you would be in a position to make a recommendation, would you not?

Mr Deegan—We have. On a number of occasions the Commonwealth has decided that it is worthy of further funding for proof of concept to take the projects forward, because they are projects that the government was interested in. That is an entirely reasonable approach.

Senator ABETZ—Whether or not it is reasonable is for others to determine.

Mr Deegan—Indeed.

Senator ABETZ—What I am asking for is any projects that Infrastructure Australia had question marks over, baulked at, rejected, but the government has said, ‘Thanks for your advice, but we’re going to do this anyway.’

Mr Deegan—Not in that sense.

Senator ABETZ—None whatsoever?

Mr Deegan—No.

Senator ABETZ—Can you then explain to me what you meant before when I thought you said the government had agreed to fund certain projects before the full process had been gone through?

Mr Deegan—It is not as black and white as that. These are often complex projects.

Senator ABETZ—I am sure they are very complex.

Mr Deegan—There are a range of issues to deal either with the project financing, the planning approval regime and the delivery mechanisms that might be involved. On a number of occasions the Commonwealth has indicated an interest in taking those projects further.

Senator ABETZ—What projects are they? Are you able to provide us with a list of those?

Mr Deegan—An example would be the Northbridge rail link in Western Australia.

Senator ABETZ—That is one, but can you provide us with a full list?

Mr Deegan—Yes.

Senator ABETZ—You might need to take that on notice.

Mr Deegan—Thank you.

Senator ABETZ—Does the modelling and analysis include a cost-benefit analysis of the particular project?

Mr Deegan—Yes.

Senator ABETZ—And that cost-benefit analysis is shown or provided to the minister.

Mr Deegan—The analysis is provided to the Infrastructure Australia council. The Infrastructure Australia council considers that analysis and then provides advice to the government. As part of our process, the analysis is available to the government as well.

Senator ABETZ—So as a matter of course the cost-benefit analysis does not go to the minister's office.

Mr Deegan—There is a process that is followed. That is simply all I am outlining.

Senator ABETZ—Let us get this clear. The cost-benefit analysis is undertaken and goes to the infrastructure council. It then makes recommendations to the minister. But the cost-benefit analysis is not, as of necessity, attached to the recommendation to the minister. But the minister could go back to the infrastructure council and say, 'I wouldn't mind seeing the full cost-benefit analysis.'

Mr Deegan—By practice, we provide the costing as part of the recommendation to the government.

Senator ABETZ—I am sure you provide the costing.

Mr Deegan—The analysis.

Senator ABETZ—I am talking about the cost-benefit.

Mr Deegan—The cost-benefit analysis.

Senator ABETZ—So when you said ‘costing’—

Mr Deegan—I am just trying to—

Senator ABETZ—This happens to all of us. You mean cost-benefit analysis?

Mr Deegan—Sorry. I am trying to—

Senator ABETZ—That is fine. We all misspeak from time to time. I am not trying to make a point here.

Mr Deegan—Thank you. I am more afflicted than the good senators.

Senator ABETZ—I am not sure about that. I think you do pretty well.

Mr Deegan—I am just trying to get the steps clear so I am not misleading you.

Senator ABETZ—The cost-benefit analysis, just so we are absolutely clear, as of course would go through to the minister’s office attached to the infrastructure council’s recommendation.

Mr Deegan—Thank you.

Senator ABETZ—That is correct?

Mr Deegan—Yes.

Senator ABETZ—Is there an overall cost-benefit analysis that Infrastructure Australia conducts to assess the strategic priorities of infrastructure needs in Australia? I am not talking about the cost-benefit analysis of a particular project, but do you do them on a broader scale, a broader scope, to determine what sorts of projects might be of benefit to the nation into the future?

Mr Deegan—Yes. In our process, which again is outlined in our report from May, what we seek to do is a seven-step process for our assessment. We seek a clear definition of the goal that the proponent is proposing, and these are then built up into a national view. Clear identification of the problem and some assessment of the problem that is being sought to be resolved—

Senator ABETZ—Are you saying that you undertake that process as a result of a particular project being submitted to you?

Mr Deegan—In two parts. There is that bottom-up approach that I was outlining to senators earlier, and we are also undertaking a top-down overview because of the gaps that become apparent from that.

Senator ABETZ—Please continue. I understand.

Mr Deegan—For this government, the next government and indeed, as Sir Rod Eddington would indicate, a one-, two- and three-decade approach to this, there is a long-term view of what the infrastructure requirements are and how we might fund those. So there is a strategic analysis across the top of the sorts of projects that the nation will need; hence the need for a national ports policy, freight policy et cetera.

Senator ABETZ—And you have done a cost-benefit analysis of that umbrella approach as well.

Mr Deegan—The cost-benefit analysis process is more particularly defined to individual projects, but we are looking for the best bang for the buck for the Commonwealth, in crude terms.

Senator ABETZ—If you are dealing with generalities, of course a cost-benefit analysis must be a lot more difficult to undertake than a specific project. I accept that.

Mr Deegan—But there is a strategic assessment of the value, some of that on a qualitative basis, and then we drill down into the quantitative basis once we have sufficient data.

Senator ABETZ—Thank you for that. Can you indicate to us the status of the infrastructure projects identified as priorities in your report to COAG?

Mr Deegan—The advice provided to senators earlier was that the Infrastructure Australia council provides advice to the government. Once they have made a decision, the department of infrastructure is responsible for the implementation. The department may be able to provide further advice on those projects.

Senator ABETZ—Mr Mrdak, are you able to?

Mr Mrdak—Sorry, I did not catch the end of the question. I apologise.

Senator ABETZ—That is fine.

Mr Mrdak—Which projects?

Senator ABETZ—I asked whether Infrastructure Australia could detail the status of infrastructure projects identified as priorities in its report to COAG. I understand that that is more departmental rather than Infrastructure Australia specific.

Mr Mrdak—I would be happy to give you a summary of where we are at on each of those projects, if that would assist you.

Senator ABETZ—I know you would be happy to, but would the minister? He will not be referring me to a website of numerous pages, will he? We will keep our fingers crossed!

Mr Mrdak—I was going to give you a brief summary now, if that would help.

Senator ABETZ—Even better.

Mr Mrdak—I am happy to give you more detailed information. They are essentially the projects which were announced in the federal budget arising from the Building Australia Fund funding. There were three projects in South Australia: the Gawler rail modernisation and electrification project—

Senator ABETZ—How many projects are we going to be talking about?

Mr Mrdak—There are 15.

Senator ABETZ—In that case, I invite you to take that on notice or, if that is a handy summary that could potentially be photocopied without divulging information that we opposition senators are not entitled to—

Mr Mrdak—My summary unfortunately contains some cash flow projections which are ours and not in the public arena.

Senator ABETZ—Could you delete those?

Mr Mrdak—I will provide you with a short summary document of where we are at with each of those 15.

Senator ABETZ—That would be very helpful. I am just very conscious of time, so if you could do that I would be much obliged. Mr Deegan, has Infrastructure Australia received any advice from the department regarding future Commonwealth funding for future infrastructure projects? Are you able to tell us what the projected budget outlays to, say, 2013-14 might be?

Mr Deegan—A previous question was asked, and the answer was no.

Mr Mrdak—That is probably one for me. The government has set out its Nation Building Program, a six-year investment program of around \$35 billion which includes the budget projects which were recommended by Infrastructure Australia in that quantum. As you know, the government has set out a fiscal strategy over the medium term. At this stage the government's position is that what is now in the forward estimates is the government's investment program.

Senator ABETZ—How many projects have been considered to date by Infrastructure Australia as part of the next phase of projects?

Mr Deegan—The Infrastructure Australia council, as part of its remit, is developing a long-term infrastructure pipeline. We are expecting further advice from each of the jurisdictions by the end of this month on that sort of long-term view. As well as that, the work we are doing on the ports policy, freight policy et cetera will inform a range of other gaps that may not have been identified. Senator Ludlum has clearly identified one of those as the linkages between New South Wales and Queensland at the border area. It is that sort of thinking that we as a nation need to start developing. That is the sort of work we are working with the jurisdictions on.

Senator ABETZ—In your cost-benefit analysis of various projects, how detailed is the assessment of the economic sustainability, environmental sustainability and social sustainability of each project?

Mr Deegan—We are still working on the model and aspects of this, but there is a fair bit of detail associated with each of those.

Senator ABETZ—What were the costs of developing the national public-private partnership policy?

Mr Deegan—I will take that on notice. It would be part of our workload, but I will get that to you. That work was undertaken with both New South Wales and Victorian governments, as well as private sector involvement.

Senator ABETZ—How does Infrastructure Australia assess the appropriateness on the basis of those economic, environmental and social sustainability factors in potential public-private partnership projects?

Mr Deegan—The same methodologies apply.

Senator ABETZ—So it is exactly the same methodologies that are applied.

Mr Deegan—That methodology, again, is publicly available. We have significant national and international interest in the approach that we have taken, including from New Zealand, the UK, the Americas and elsewhere.

Senator ABETZ—I am conscious that there are other questions, so I will leave it at that. Thank you, Mr Deegan.

Mr Deegan—Thank you.

Senator WILLIAMS—In relation to the Pacific Highway, including the Banora Point Sexton Hill upgrade up at Tweed Heads, when will the government duplicate the Pacific Highway?

Mr Deegan—This might be a hospital pass to the secretary, but he might be able to assist more there.

Mr Mrdak—We can give you quite detailed information on individual projects and plans for the Pacific Highway when we get to item 4, but the government has set out in its budget strategy its objective of duplicating 85 per cent of Melbourne to Brisbane by 2016. Much of that work remains to be done on the Pacific Highway. The government has set targets for doing that, and in the current Nation Building Program out to 2013-14, it has set out its investment program, which I think is of the order of \$3.6 billion for the Pacific Highway over that period.

Senator WILLIAMS—Eighty-five per cent from Melbourne to Brisbane would include 100 per cent from Sydney to Brisbane, would it not?

Mr Mrdak—It would certainly include, within that timeframe, the completion of the Hume Highway duplication and the completion of a substantial part of the Sydney to Brisbane Pacific Highway.

Senator WILLIAMS—I understand that the government has committed \$3.1 billion towards the upgrade of the Pacific Highway from 2008-09 to 2013-14. I also understand that the New South Wales government is committing \$500 million towards the upgrade over the same period. Are you familiar with those details?

Mr Mrdak—Yes.

Senator WILLIAMS—I refer to a media release by the federal Labor Party dated 21 November 2007. This media release stated, ‘Under Auslink 2, duplicate the Pacific Highway by 2016.’ You are saying that the government stands by its election commitment that it will duplicate the Pacific Highway by 2016?

Mr Mrdak—It set out in its budget strategy its program for completion. At this stage it remains the target to do that, but there may well be projects to complete the duplication that will take place beyond 2016.

Senator WILLIAMS—In its January 2009 budget submission, the National Roads and Motorists Association is saying that the cost to duplicate the Pacific Highway would be \$6.7 billion. I just wonder whether the federal government has allocated enough funding to do that.

Mr Mrdak—The \$6.7 billion is an estimate. There have been estimates which are much higher to complete the work. As you are aware, the current program has been steadily

addressing the most critical points. The budget announcement, for instance, on the Kempsey section addressed probably one of the largest black spots around the Kempsey area, so progressively the program is doing that. Certainly the completion of full duplication all the way to the Queensland border would take at least that sort of element. The Commonwealth-state funding of \$3.6 billion will address a significant part of it, but not all of it.

Senator WILLIAMS—Looking at the Western Highway and that section from Bacchus Marsh to the South Australian border, I understand that \$604 million will go on the Anthony's Cutting upgrade, the duplication of the highway between Ballarat and Stawell, and finally to upgrade the highway from Stawell to the South Australian border. Is that the plan?

Mr Mrdak—We would need to get our Nation Building team here. We do not have the officers who deal directly with that program. I think that is correct.

Ms O'Connell—It is broadly correct, Senator. Item 4 is for the Nation Building where we could cover that complete suite, if you would like.

Senator WILLIAMS—All right. Is the allocation for that \$604 million, do you know?

Ms O'Connell—I will check on it and get back to you, Senator.

Mr Mrdak—What we could do, subject to the Chair's views, is to move to item 4 now, or do you want to wait until we get the Nation Building team here for item 4? I am just not sure how you want to play these questions.

Senator WILLIAMS—We do not have many more, because time is running out. I just have one concern. The \$604 million is the allocation for that Western Highway upgrade, and I believe that \$404 million will go to the duplication. What is the other \$200 million for?

Senator NASH—Perhaps if the question is best asked in section 4, then Senator Williams could ask it again. Is that what you are suggesting?

Mr Mrdak—Yes, I am happy to do that.

Ms O'Connell—Yes, absolutely.

Mr Mrdak—I just do not have the officers here at the moment who can provide some detail on that.

Senator WILLIAMS—That is fine; we can do that. Chair, that will do me at this stage.

Senator NASH—Mr Deegan, I think you said you had 16 staff. Given the large number of projects that you obviously have on your plate, do you think that 16 staff is enough to properly do a cost-benefit analysis on all of those projects in the appropriate manner, given how many different industries and how many technical components, I imagine, have to be considered?

Mr Deegan—We also engage external advisers on these matters, so we have people who go through the cost-benefit analysis, the detail of a whole host of those issues in our methodology, and we supervise that and make sure the modelling is done according to our requirements. So yes, we do have sufficient resources to do that very thoroughly.

Senator NASH—Okay. In terms of that modelling and the analysis that you do, is that publicly available?

Mr Deegan—The methodology is publicly available. We have made a point of that. There have been improvements in that methodology as a consequence. We have had a lot of feedback and very valuable input.

Senator NASH—But not the modelling?

Mr Deegan—The methodology and the modelling link together. The analysis of that work is a decision for government whether they release it or not.

Senator NASH—So, for each individual project, the decisions that are made by the staff and those that you outsource—

Mr Deegan—Recommendations.

Senator NASH—Sorry, the recommendations, I should say that.

Mr Deegan—We are just humble public servants.

Senator NASH—Those recommendations go to the minister. At what stage is that transparent?

Mr Deegan—That advice is transparent to government. It is up to government to decide what it releases.

Senator NASH—Just to be very clear, at no stage the decisions on why the recommendations were made on the projects in terms of the recommendation when it is with you is not public or transparent, and it goes through the process of going to the minister to make a decision, and there is no transparency there, so how does a taxpayer determine that a project has been appropriately assessed?

Mr Deegan—There are a couple of processes the Infrastructure Australia council has undertaken. We have our methodology that is applied and made public as a matter of principle. It is clearly the role of the Infrastructure Australia council to provide advice and for government to decide. It is within their obligation to make decisions on that advice. Separately we have our internal people doing this work; we have a series of external experts as well, and we have invited the Auditor-General to review our process and give us any recommendations on improvement on process—a very transparent process in that manner. A lot of this is considerable detail. You will have people wanting to argue about methodology et cetera, so I invited the Auditor-General, first up in the process, to check that this process is reflective of the taxpayers' needs, as a matter of good practice.

Senator NASH—I understand that. I take that point. Thank you very much, Mr Deegan, but in terms of the taxpayer knowing why either Infrastructure Australia has made a decision or the minister has actually made a decision on the worthiness of a project, what you are saying is that the only check and balance really is the process of the Auditor-General?

Mr Deegan—We provide advice; we have had external advisers. It is a very detailed methodology made public. There are people involved in these processes. Clearly advice is given from these bodies to government. It is a matter for government to decide as part of their normal budget round. That is how governments work.

Senator NASH—Thank you; I had noticed that, Mr Deegan. Thank you very much.

Senator LUDLAM—I said I would come back with a couple more, either for you, Mr Deegan, or the department. There is a section of road, I think it is on the Goldfields Highway between Wiluna and Meekatharra—it is the last section of the National Highway, I believe, in the entire country that is unsealed. It is about a 140-kilometre strip between those two regional towns in WA. Are you familiar with the stretch that I am referring to?

Mr Deegan—I know this strip, but I do not have any advice on the particular section. The department may have.

Mr Mrdak—Sorry, Wiluna to?

Senator LUDLAM—To Meekatharra, central Western Australia. As I say, it is the only strip between Kalgoorlie and the north-west towns that is unsealed, so a lot of road freight transport has to come through Kalgoorlie into Perth and then back out, taking the long way around. It has been under discussion for funding for 20 years, perhaps longer. I am just wondering whether anything at all has crossed either of your desks from the state government or from the local shires concerned about funding that stretch of road.

Mr Mrdak—I am not aware of anything. I would have to check whether that actually is part of the national network.

Senator LUDLAM—I believe it is.

Mr Mrdak—If I may, I will take that on notice and just check what the status of any such proposal, and whether we have considered any such proposal, and I will come back to you if I can.

Senator LUDLAM—I would really appreciate that. I have just travelled through that part of the world. I was surprised that it is 10 years since I first visited those towns, and they were asking then; they are still asking now. It is a very unsafe stretch of road. A lot of heavy freight travels across it; a lot of traffic between Aboriginal communities in the area, and it is of greater than local significance as I say, because it is that link between the goldfields and the Pilbara. If a submission has not come forward from a state government which you consider to have strategic significance, do you have the capacity to call that in or to make a proposition if one is not brought before you?

Mr Deegan—Indeed. Part of our role, again on the gap analysis, is to provide advice to government where we think it may be worthy of further focus. Some of that, as you have seen in our work, is in public transport; some of that has been in road systems, freight systems. Again, because we are now developing a top-down overview of our freight network, they are the sorts of issues that we would seek to explore and, if necessary, provide advice to government so, again on a prioritisation basis, which ones would deserve attention earlier.

Senator LUDLAM—All right. I am sure you have a pile of proposals and projects on your desk that is a foot deep, but I would heartily recommend that one to make it to the top of the pile.

Mr Deegan—Thank you, Senator. Have you done the cost-benefit analysis so that we could undertake that work for you?

Senator LUDLAM—I would certainly refer you to the Wiluna Shire and the Meekatharra Shire.

Mr Deegan—Thank you, because we do have a minimum set of information requirements. It is not just a matter of picking these projects and saying, ‘That would be something nice to do.’ Our process is very rigorous, very detailed and provides a proper economic assessment so that you can compare projects with others.

Senator LUDLAM—I guess you can take it that you will not see a Green senator proposing road funding unless it is really needed, and that—

Senator ABETZ—You should have put the full stop earlier.

Senator LUDLAM—Unless it is really necessary, and this one quite clearly is.

Mr Deegan—And the rigour we would apply, no matter which political party puts these proposals together, is on a very detailed cost-benefit analysis, so the assessment is done independently.

Senator LUDLAM—All right, I appreciate that. Senator Milne might have covered this before. Can you give us a general progress report on the Major Cities Unit, apart from your real estate considerations which I guess have been quite well canvassed. Was that covered before? Is it already on the record?

Mr Deegan—No, Senator. The Major Cities Unit is continuing its work on developing a national urban policy for the government. That work is on track, and we have again had a series of national and international experts advising us on the sorts of directions that the Commonwealth might consider.

Senator LUDLAM—What can you tell us about your current work plan and what that unit is up to?

Mr Deegan—The primary focus is on the national urban policy work.

Senator LUDLAM—Is that leading to a particular outcome or a particular document?

Mr Deegan—The development of a national urban policy for the country.

Senator LUDLAM—Okay. What is your time frame for having such a policy in place?

Mr Deegan—Senators, we are finding that the government is demanding on these matters, and we are hoping by the end of this year.

Senator LUDLAM—Will that be a public document or something quietly for the minister?

Mr Deegan—That is a matter for government.

Senator LUDLAM—Okay, you will provide that?

Mr Deegan—We will provide advice and then government decides.

Senator LUDLAM—To Minister Albanese?

Mr Deegan—Yes.

Senator LUDLAM—I have a couple of questions to the department on the rail link that I was referring to before. I am interested in that proposed closure of the rail line which affects, among other places, Newcastle.

Mr Deegan—Is this the Casino-Murwillumbah line?

Senator LUDLAM—It is. I am going to approach it at a tangent. I just wonder whether the department has received a copy of the Newcastle City Centre Renewal report that was prepared by the Hunter Development Corporation? Is that something you are familiar with?

Mr Mrdak—Not to my knowledge, Senator. I will check that, but not to my knowledge.

Mr Deegan—Senator, Infrastructure Australia Major Cities Unit is aware of that report.

Senator LUDLAM—Okay, that is great. If you will take that one on notice as to whether the department is analysing that as well?

Mr Mrdak—No, not the department. I think Mr Deegan has indicated that the Major Cities Unit—

Senator LUDLAM—That that is where it would go?

Mr Mrdak—That is where it would go.

Senator LUDLAM—I am not sure how familiar you are with that specific document?

Mr Deegan—Intimately aware, Senator.

Senator LUDLAM—Okay, that is great. This will go better, then. Are you aware that the major catalyst project for the renewal of the CBD is the development of a university campus in the Newcastle CBD?

Mr Deegan—Yes.

Senator LUDLAM—They are quite intimately related. That seems to have quite widespread community support?

Mr Deegan—Yes.

Senator LUDLAM—I am just wondering whether you are in the process of considering federal funding to assist that campus project? Does that count as infrastructure for your purposes?

Mr Deegan—It is part of the discussion about the sorts of issues that our cities unit would consider at a broad level. Remember, there is clearly a lot of interaction with the university, the local community, the local government, and the state government as well as a number of other Commonwealth agencies.

Senator LUDLAM—One of the recommendations of that report is a bit more controversial, which is a proposal initiated by developers to remove the rail line between Newcastle and Wickham and to construct a rail terminus at Wickham at an estimated cost of about \$650 million. Is that a funding proposal that is also on your desk at the moment?

Mr Deegan—No.

Senator LUDLAM—It is part of that overall overarching proposal, but you have not had a specific request made of you?

Mr Deegan—No. We have looked at it as a matter of how the cities might work and the City of Newcastle and the sorts of issues. As you know, there is a very intense debate in Newcastle about the operation of that rail line, and there are costs on both sides; keeping it or removing it.

Senator LUDLAM—All right. You are aware, I guess, that it is at least contested, that it has attracted a degree of controversy?

Mr Deegan—There is a huge amount of interest from the people in Newcastle about that section of line; some for, some against.

Senator LUDLAM—Would you be involved in assessing the climate change impacts of removing that line on both freight and passengers, if that is relevant, even if the consultants had not considered those impacts?

Mr Deegan—I am not aware that we have been asked to look at those implications on that section of line.

Senator LUDLAM—Would you look at it even if you had not been asked?

Mr Deegan—The broader issue of the line is essentially for the New South Wales government.

Senator LUDLAM—But you would not be considering federal funding assistance, for example, to remove that line?

Mr Deegan—We have not received a request for that.

Senator LUDLAM—That is helpful.

Senator NASH—The duplication of the Barton Highway at Murrumbateman; is that in Nation Building or here?

Mr Mrdak—Nation Building, item 4.

Senator NASH—Lovely; thanks.

Senator LUDLAM—A question which I think I would have asked you last time is that, now that you are kind of getting to the top-down transport task nationally, are you doing any modelling on what that task looks like in an oil constrained future or under conditions of an oil shock?

Mr Deegan—Certainly in the scenario testing that will apply to our freight policy is to consider the implications very seriously of those sorts of issues.

Senator LUDLAM—Great. You sound like you are foreshadowing work, or is that underway at the moment?

Mr Deegan—No, that is part of our consideration.

Senator LUDLAM—That is great.

Mr Deegan—So, in any scenario that you are testing, you look at various options, as you know, and we are doing that work.

Senator LUDLAM—I know this was a bit more speculative last time I asked, and you were a bit difficult to pin down on whether future oil prices were a specific variable that you were considering.

Mr Deegan—No, the question that I was concerned about that I did not mislead you about was the modelling to do with specific pricing. As part of this top-down approach, we are undertaking some scenario testing of the sorts of issues that might apply to the country.

Senator LUDLAM—Under conditions of much higher—

Mr Deegan—Including cost of fuel, sea-level rise; there is a whole host of issues that may affect the sorts of decisions taken in the future.

Senator LUDLAM—All the cheerful stuff. Is that part of what you are putting to government, you hope, before the end of this year?

Mr Deegan—That is certainly part of our work, either the end of this year or early February. It is a substantial project.

Senator LUDLAM—Is that going to take in the passenger task as well or just freight?

Mr Deegan—We are working on some passenger transport issues as well, but the freight work is largely independent, because of just a broad focus that we need to apply. There is some passenger work happening separately but they will come together.

Senator LUDLAM—But we might see that reported later or at the same time?

Mr Deegan—Probably later, at this stage. Again, it is a matter for the council to determine its priorities and timing against the budget.

Senator LUDLAM—All right, thank you very much.

CHAIR—Thank you very much, Mr Deegan. I now call Australian Rail Track Corporation.

Mr Deegan—Thank you, senator.

Australian Rail Track Corporation Ltd

CHAIR—Welcome, Mr Marchant. It is good to see you again. Do you wish to make a very brief opening statement before we go to questions?

Mr Marchant—No.

Senator LUDLAM—I am not sure whether you were in the room earlier or watching us on the monitors, but I have asked a series of questions about rail in Western Australia, in northern New South Wales and southern Queensland. Do you play a role in strategic planning of rail infrastructure in Australia?

Mr Marchant—The company contributes to public debates and influences rail policy. We make submissions to Infrastructure Australia and the broader frameworks of that. But, effectively, decision making with regard to the company's areas is limited to obviously those areas the company operates in.

Senator LUDLAM—Okay, but you will be able to offer us opinions of policy as far as your corporation sees infrastructure development, even if it is outside your area?

Mr Marchant—The company has views on rail strategy and infrastructure policy that impacts upon railways, yes, and transport generally.

Senator LUDLAM—Are you familiar with the system of rail network in regional Western Australia that was traditionally used to haul grain?

Mr Marchant—Yes.

Senator LUDLAM—Can you tell us what your understanding is of the state of the debate about the closure of a certain proportion of those lines?

Mr Marchant—I would not even offer an opinion about the status of a public debate in an area in which we do not operate. It would be a little bit inappropriate for the company to pass an opinion publicly.

Senator LUDLAM—From a policy perspective, do you have a view on whether that rail should stay, should be improved, or should be torn up?

Mr Marchant—We have never done a net present value or an economic analysis of those individual lines in WA.

Senator LUDLAM—That is fine. It is a shame, actually. Is that something you would consider doing?

Mr Marchant—It is not something that affects the company's P&L. We are a company that is actually driven by having to make a return on our equity, so I would be very cautious that the company would invest dollars that do not have a direct impact on the operation of the company.

Senator LUDLAM—That is fine. I thought it was worth asking. From a higher level policy perspective, are you investigating a fast rail regional network for passenger transport, at least up the east coast?

Mr Marchant—ARTC as a company is not.

Senator LUDLAM—Are you aware of any such efforts that you might be able to inform us about?

Mr Marchant—In my other role as Chairman of the Australian Railways Association Inc., yes, the association is.

Senator LUDLAM—Are you able to speak in estimates committees with that hat?

Mr Marchant—No, Senator, unless you want to call the Australian Railways Association, which I do not think will have much bearing on the Senate estimates.

Senator LUDLAM—No, that is fine. Your corporation is not really working in any substantial way on regional fast rail as a substitute for aviation, for example?

Mr Marchant—The corporation is not, no.

Senator LUDLAM—Can you tell us whether you have any involvement in the Murwillumbah to Casino railway in northern New South Wales?

Mr Marchant—We manage the land that that railway line occupies on behalf of the state of New South Wales under a Country Regional Network Management Agreement.

Senator LUDLAM—Were you operating that line before the services were closed?

Mr Marchant—The line ceased operations by the state government prior to our take-up of the management arrangements for the country network in New South Wales.

Senator LUDLAM—So your active involvement has been around custodianship of the corridor without active services on it?

Mr Marchant—Yes. Our involvement is the husbandry of the land on behalf of the state.

Senator LUDLAM—What is the condition of the rail infrastructure?

Mr Marchant—That is a matter for the state of New South Wales. Our management agreement is a confidential agreement with the state. The state is the decision maker. The state determines the assets. The state determines the investment. It is inappropriate for me to comment on it.

Senator LUDLAM—What is your actual role?

Mr Marchant—Our role is to manage the assets on behalf of the state in the terms in which the state wishes to have them managed.

Senator LUDLAM—But can I ask you a question about the condition of the asset itself?

Mr Marchant—You can ask me the question, but I will actually only give that advice to the state government. You would need to ask them what their opinion is.

Senator LUDLAM—Unfortunately we cannot call them in here; I do not imagine that they would turn up if we did. What is your understanding of proposals to actually sell that corridor?

Mr Marchant—I am unaware of any proposals to sell the corridor.

Senator LUDLAM—You are not aware?

Mr Marchant—I am not aware of any proposals to sell the corridor.

Senator LUDLAM—Or to sell any part of the corridor to make the railway line no longer viable?

Mr Marchant—There are no proposals that I am aware of—and we manage the property assets there—to sell land which would preclude the rail operation on the corridor at this point in time. There are some land packages for sale there which are lands which are not part of the linear continuity of the rail line. With respect to the proposals that have been speculated in the media about decisions on closure, I am unaware of any decisions about selling off the rail line corridor.

Senator LUDLAM—No, I understand that no decisions have been made, but there is certainly a degree of speculation, so you think that speculation is unfounded?

Mr Marchant—You are asking me about people's motivations about speculation. I have enough trouble with my own motivations, let alone anybody else's.

Senator LUDLAM—That is an unusually candid admission, but thank you. It was probably a bit of an unfair question. Are there any proposals that you are aware of to resume services on that line?

Mr Marchant—As of today, I am not aware of any proposals to resume services. There have been three studies into that line over the last six years. Two of those studies were funded by the state of New South Wales and others involving councils and the rest in the area to look at economic proposals around them. Another study was one done by the state government. Each of those studies has been to the state government. Each of them was announced as outcomes by the state government. My knowledge is that none of those studies showed that there was an economically viable way of operating in the short term. There have been proposals put about three or four years ago by one of the small operators to do a niche operation there, and the evaluation in that study, which was released, indicated that it was not viable for them to commence that operation.

Senator LUDLAM—Is anything underway at the moment that you are aware of that is reviewing or revisiting that, or is it a dormant line at the moment for all intents and purposes?

Mr Marchant—I am not aware of any formal studies that anybody is doing at the moment.

Senator LUDLAM—The company does not have a view—or you are agnostic—as to whether services should reopen on that line?

Mr Marchant—We manage that property on behalf of the state. If we did have a view, under our management agreement, we would give that view to the state.

Senator LUDLAM—I will leave it there; thank you very much.

Senator NASH—I understand that recently an interstate undertaking with the ACCC came into bind. When was that?

Mr Marchant—About June or July last year. I will just put some context because there are a few undertakings going around.

Senator NASH—That is what I was just going to ask, so if you could just explain that to the committee?

Mr Marchant—I will just clarify what is what. We had a Trade Practices Act part IIIA undertaking with regard to the interstate network from Kalgoorlie through to Melbourne, and from Melbourne to Albury. We have now extended that interstate access undertaking from Kalgoorlie through to the Queensland border, and incorporating the main lines in that area, under a 10-year access undertaking under part IIIA of the Trade Practices Act. That undertaking was approved by the ACCC in June last year. Separate to that, we presently have before the ACCC a part III access undertaking for the coal network in the Hunter Valley, and that is presently going through the very long public consultation process under the Trade Practices Act.

Senator NASH—How is the financial performance going for the east-west and for the north-south, if you would like to address them separately?

Mr Marchant—Obviously the company has been impacted by the economic downturn. In general terms, it would be fair to say that intermodal container volumes in the intermodal market are down about five per cent on the east-west corridor. If I can put that in context, it is five per cent on the interstate corridor in comparison to the road interstate corridor, which is down 15 to 19 per cent. And, as you are probably aware, the air corridor is down 21 per cent. So, in relative terms, it is not down as much as the other transport modes on the east-west. On the north-south corridor, it is down on intermodal by about two per cent. In fact, it has not fallen by as much as the land transport market for intermodal commodities has on north-south roads further down et cetera. So that is in the intermodal container market. If I can pull out two other market places for you, just to give some context, steel was down about 75 per cent. In fact, in December and January this year, no steel trains ran through the network for those two months, which was highly unusual, mainly because of supplies being high in the warehousing framework. That had moved back to about 20 per cent, and it is now moving up to about 30 per cent in the last eight to nine weeks, so steel is coming slightly back in. In the automotive market, you are probably aware that the automotive movements are down by about 68 to 69 per cent. So it is a bit variable.

Senator NASH—Thank you for that. Overall, in general, I am sure there is a variability, but does the north-south operate better or more financially beneficially for the ATC than the east-west or vice versa? Which one runs better, I suppose?

Mr Marchant—In very simple terms, in commercial terms?

Senator NASH—Yes.

Mr Marchant—We are still drawing back the economic subsidy that applied in New South Wales. The lines that we took over in New South Wales are main lines—

Senator NASH—Which I think we might have discussed last time you were here, actually.

Mr Marchant—For clarity purposes, the line from Albury through to Sydney and from Sydney to the Queensland border, and then from Cootamundra-Parkes to Broken Hill, they effectively used to have a CSO from the state government of about \$290 million a year. As you probably know, on those lines, we do not operate on a CSO basis; we operate on a commercial framework. Effectively, we are breaking that to about break-even at this point, so in the five years we have taken up New South Wales, we have been trying to drive those costs out. We have now done that, so on an operating basis, we are just coming out of break-even,

and we will then break through that in the course of the next couple of years. The east-west corridor provides an economic return in accordance with the ACCC's undertaking.

Senator NASH—That leads into my next question. Obviously, the revenue ceiling is there as a result of the ACCC. With the traffic forecast that you have on either the east-west or the north-south, do you expect that ceiling to be hit over the life of the undertaking?

Mr Marchant—It would be unusual for us to hit the ceiling and I will explain why. Rail pricing is very much a matter of judgment with regard to road pricing. Effectively, the regulatory pricing regime has little bearing on the intermodal market, in that it is a straight road-rail competitive market. Our long-term forecasts, which are published on our undertaking framework, show that we would not hit the ceiling for about 29 years. The reason for that is essentially that rail is a 60-year investment for your capital, so therefore you look at a long haul investment cycle. Our forecast with the ACCC did not have us going to a ceiling basis for somewhere near 29 years. I qualify that by looking at what the market will be in 10, 15 and 20 years. Effectively, if you look at our Infrastructure Australia submissions based on fuel price and other issues, those market variables could change quite dramatically over the next 15 years, depending on fuel pricing issues, et cetera.

Senator NASH—Okay. From a layman's perspective on the committee, what does it mean for the taxpayer if you do not hit that ceiling? From my perspective it looks like it is probably not as efficient.

Mr Marchant—It means nothing. Let us make it really easy. Unlike my road colleagues, we do not receive operating funds from the Commonwealth of Australia. The only funds we receive from the Commonwealth of Australia are either equity for capital or special capital grants. The operating costs and the remainder of the ARTC's capital are paid for by the industry.

Senator NASH—Thank you. How is the Hunter Valley going? I think we had some discussion around the Hunter Valley last time, but it was more to do with the plans going out towards the north-west. In terms of financial performance of the Hunter Valley network itself, how is that operating at the moment?

Mr Marchant—Contrary to the answer I gave you before with regard to the intermodal market, the coal market in the Hunter Valley is holding very strong. Effectively, this year we will pull out about 95 million tonnes per annum. Projected through, as you know, that will move through to 212 million tonnes per annum subject to all the terminals being on line in 2013-14. Even given some of the flood events earlier this year in the Hunter Valley, the tonnage through the valley is holding at the 95 million tonnes as forecast. Thermal coal is actually holding its market quite strongly in the Hunter Valley. As you are probably aware, the qualities of thermal coal in the Hunter Valley are actually very marketable.

Senator NASH—In terms of the export demand for coal that has been forecast, do you think that the investment that is going into the Hunter Valley network at the moment is appropriate or enough to have the most efficiently operating system that you could?

Mr Marchant—First, the investment in the Hunter Valley is a straight relationship between what the coalminers would like to have invested in. The investments we make in the Hunter Valley are actually totally underwritten by the coal industry. Every investment

decision has to be approved through the present regulatory regime and the proposed one through what is called a rail industry investment group, which is made up predominately now of coalminers—some of the big miners and some of the small miners—and every investment that then is approved through that actually automatically goes into the regulated asset base for the Hunter Valley.

The regulated asset base for the Hunter Valley, on which the regulators then provide a life of 30 years, is given a rate of return by the regulators. At this point in time, it is 7.1 per cent post tax. Effectively that is in the constrained area, and the coalminers pay for that investment regardless of the volume. The industry actually comes to a decision collectively about the risk it wishes to take about its future market framework. For example, the investments we are now doing to get to the 212 million tonnes in 2013-14 goes through an industry framework, effectively, and every project at each stage is approved by the coal industry representatives. That then goes into the regulated base. If volumes fell to 90 million tonnes from 110 million tonnes, that would arbitrage that cost across the 90-odd million tonnes with the rate of return. That investment is in fact an investment that is technically underwritten in the constrained network by the coal industry.

In the newer developed areas such as Ulan and more the Gunnedah Basin, which has not yet reached what is called the constrained level for capacity under the regulatory regime, the proposal before the ACCC is to establish a regime called a capitalised process which means that rather than charging the producers the maximum for building the investment for the future growth, you charge them a percentage which is marketable. Each new investor that comes on then gets charged the same, and you get your return later. The point I am trying to make is that under the regulatory regime for the Hunter Valley, that investment is fundamentally underwritten by the industry and the life of that investment is determined by the regulatory environment, not by us or the industry alone, and the rate of return is determined by the regulatory environment—at the present time, the Independent Pricing and Regulatory Tribunal, IPART, soon to be the ACCC.

The context of what it is invested on is an industry decision. One of the consequences of that decision is that if it is wrong, it will still be paid for over the period of the 25 to 30 years by the industry. The second major change which has taken place there, which even further secures ARTC, if you like, and therefore its shareholders, the Commonwealth of Australia, is that effectively we are now entering situations where the coalmines are contracting directly with us on 10-year rolling contracts. Effectively, where previously we had contracts with above-rail operators, we are now moving to contracts with the individual coalmines of which they further are committing to their long-term forecasts on a take or pay basis. The industry is effectively underwriting the framework of moving forward.

Just to add to that, if you look at our website, we have published a forward industry projection of our views about infrastructure needs to 2019. It goes through the projects we think would be necessary if the industry moves in certain ways. That is out there for industry consultation. We do a 10-year forecast every year in quite a sophisticated document, which goes through not only each of the volume areas by each of the segments but also what our views are with regard to projects. That is put out for massive industry and public comment.

Senator NASH—Thank you. I just have one further question. I gather the ARTC has been a recipient of stimulus funding?

Mr Marchant—Absolutely. In very quick terms, \$1.2 billion in the December announcement, and about \$580 million of that is in the form of equity into ARTC to help the Hunter Valley projects. The reason for that is that ARTC would have been in the market last year for \$1 billion worth of debt. It might not have been a good time to be in the market to soak up \$1 billion worth of debt. The Commonwealth contributed \$580 million in equity to bring some of those Hunter Valley projects forward and to protect our balance sheet, as we move forward. The remaining \$580 million has gone into a range of specific projects.

In summary, for example, work has started on the development of a standard gauge, concrete sleepered, dual gauge track between Acacia Ridge and the Queensland border. Also, the remainder of the north-south corridor will be concrete sleepered—more than 1.2 billion concrete sleepers for the major corridor between Melbourne and Sydney, Sydney and Brisbane, and Parkes to Cootamundra, of which some 700,000 of those concrete sleepers are now in place from that stimulus program. Also, there has been a range of loops and upgrade programs to improve the performance of the network between Melbourne and Sydney, and Sydney and the Queensland border, as well as some passing loops between Melbourne and Adelaide. Each of those projects has come in in the form of equity.

Senator NASH—Minister, you will be pleased to hear that I actually do look at websites, because I did go and look at the ARTC website.

Senator Conroy—I am very pleased to hear that. You might want to educate some of your colleagues in how to access them.

Senator NASH—I thought so. I am moving into the modern world rapidly.

Senator Conroy—You are. Once you have that new broadband network, you will be flying, cooking with gas.

Senator NASH—That is another bridge. Mr Marchant, I found your website quite unusual. It is my understanding that government bodies linked releases and ministerial press releases back to a ministerial website rather than actually necessarily publishing them on their own website, as yours does. Is there a reason for that?

Mr Marchant—Yes, there are a couple of reasons for that. Most of them are company policy reasons. Our company shares are owned by the Commonwealth of Australia. We are not an agency of the department or the minister. We are a company, of which the shareholders happen to be in trust, the minister for transport and the minister for finance. The company has, therefore, seen it as inappropriate that we should be somehow linked direct into one minister's website. So we publish what are joint press releases on many occasions between the company and the ministers on our website.

Senator ABETZ—So you directly publish rather have the link?

Mr Marchant—In many cases they are joint press releases. You will see that there are quotes in there from either me or my chairman as well, which is in fact the practice of most companies who do joint press statements with politicians.

Senator NASH—I am sure it is. It just struck me that there was release after release. For example:

Federal Minister for Infrastructure and Transport, Anthony Albanese, congratulated the ARTC for moving so quickly to put its economic stimulus funding to work creating jobs ...

Senator Conroy—Hear, hear! Agreed. Superb.

Mr Marchant—Now you understand why we put it on our website.

Senator NASH—But trawling through that, I did not see any ministerial releases on your website from the previous government. Is this a new initiative or did I miss something?

Mr Marchant—In the archives you will see some previous releases. There has been no policy change in the company on how we deal—

Senator NASH—In all of 2007, there was not one from the minister at the time. I must admit, I have not been further through the archives. It seems quite unusual.

Mr Marchant—I have been the CEO of ARTC since May 1998. I can assure you that our policy on our website and on publishing has not changed one iota under any government, nor have we been approached by any government to change our policy. If we did, I am not sure that we would respond positively. The company cherishes very much its role as a company and its shareholding framework. There were very few press releases done jointly under the previous government for various reasons unrelated to that structure. There are some press releases there, by the way, if you go back in the archives, but they are not frequent.

Senator NASH—Perhaps you could take it on notice and point us to those. I am happy to go to the website and have a look, but if you could just at least point us to those that would be helpful.

Mr Marchant—Sure. There were very many joint ones done on the lease announcements in New South Wales and the rest. In fact, there are joint documents on the website executed by the company and the government. I will send you some.

Senator NASH—Thank you, Mr Marchant, very useful.

CHAIR—As part of the economic stimulus plan, you touched on the new and extended loops and you said Melbourne to Sydney, and Sydney to Brisbane—is that correct?

Mr Marchant—That is correct.

CHAIR—Can you give us an update on how many have been completed?

Mr Marchant—I will just narrow it to the stimulus package issues rather than the loops that generally we are investing in. The coal-line loops at Bylong in New South Wales were completed from the stimulus package in April. At Boggabri, the other additional stimulus package loop has already been completed in June. A new passing loop at Craven brought forward out of the stimulus package was finished in March. The Johns River, on the north coast of New South Wales, is a loop that has already been completed from the stimulus package.

Dungog, on the north-south corridor, north of Newcastle, has actually been completed already out of the stimulus package. Killawarra in New South Wales has actually been completed out of the stimulus package. Mindaribba has already been completed. A number of

the stimulus package loops are completed. The remainder are fully under way and there is a large program to be completed of those before December. There is a second stage which is under way that will be completed by June next year.

CHAIR—That is seven that have already been done. How many will be completed by December?

Mr Marchant—By December there is another nine to be finished, and then by June next year there is another 11.

CHAIR—That is moving along. Thank you, Mr Marchant.

Senator WILLIAMS—That is quicker than the school buildings, Mr Marchant. You are doing very well.

Mr Marchant—We are doing very well. I will quote you on that. Thank you, Senator Williams.

Senator ABETZ—Well, anything would be quicker than the school buildings. It is not high praise, really.

Senator WILLIAMS—The point I make is you are quicker at building railway lines than some are at building school buildings.

CHAIR—It is a wonderful time to be an Australian, do you know that?

Senator WILLIAMS—You said 95 million tonnes of coal this year down the Hunter line?

Mr Marchant—Yes.

Senator WILLIAMS—That is projected to go to 212 million?

Mr Marchant—By 2013-14.

Senator WILLIAMS—Okay. How is the port coping? We see all the ships lined up. Can that line carry more rail freight of coal now than the port can handle?

Mr Marchant—Yes.

Senator WILLIAMS—How much more?

Mr Marchant—In the order of another 15 million tonnes at the present time.

Senator WILLIAMS—To free up your freight there, are there projects in place by ports minister, Joe Tripodi, to have that port improved?

Mr Marchant—Firstly, I know it is keen for politicians to think that governments build everything, but Newcastle port has actually two private terminals in it—one being Port Waratah Coal Services terminal, which is expanding and under expansion right at the moment. That will add another 10 million tonnes to its capacity during the course of the next eight months. Next to that, on another piece of land, there is NCIG, Newcastle Coal Infrastructure Group, which is a new consortium of BHP and the eight others which are building a new terminal there for 30 million tonnes. That is under construction right now, and will be completed in stages during the next 12 months, coming to its 30 million tonnes at the end of 2010 and the beginning of 2011. Lastly, you end up having a second stage of that for another 30 million tonnes, which is in the market place at the moment for financing. Each of

the port terminal structures is actually undergoing upgrade right now. There is a huge amount of activity there if you look at it. There is a huge amount of construction. Simultaneous with that, the Port of Newcastle is actually doing dredging works, et cetera, some of which is related to BHP due to contamination issues of some parts of the dredging area, which is part of the BHP close-out of the old steel plant from 15 years ago. All of that stuff is under way right now.

Senator WILLIAMS—Obviously big expectations as far as the future of exporting coal out of Australia? I wonder if that will change at Copenhagen in December? There seems to be a bit of a conflict there, does there not? With respect to the inland line, Melbourne to Brisbane, can you give us an update of where that has progressed to?

Mr Marchant—Yes. As you are probably aware, we issued a first stage report about two and half to three months ago—do not hold me to the exact date.

Senator WILLIAMS—That is fine.

Mr Marchant—As you might be aware, we went through a whole range of consultation while we went to the second stage. The second stage of that was to do more detailed analysis of both the engineering cost framework, more detailed analysis of its performance—that is, how could the performance be optimised against the first stage against the options. We narrowed the options down from some 11 options to basically two options, with some variables. That second stage report is about six weeks away from publishing. It may end up being five weeks from publishing. That report will be published, as the first one, to get public consultation and public comment. The report is finessing the two preferred options that were in the previous stage report. That finessing has probably found some slight improvements in transit time et cetera on some of the options than was in the first stage. It is also goes into a little bit more detail on the financing of that. I expect that report will come out in the next six weeks. We will then move to stage 3, which is a much more detailed economic and commercial analysis, which will report in late December.

Senator WILLIAMS—At the end of stage 3, will the decision be made for construction to start?

Mr Marchant—No, the end of stage 3 is to provide advice to government on what would be the financial viability of such, and if it was not financially or economically viable, what the degree of subsidy government would need to contribute. I would not envisage that we would be recommending to government that it does not release anything that deals with what government's contribution may or may not be. If at some point in the future, it was intended to put this to the market, I think the last thing the government would need to do, in our view—and it is a matter for the government—would be release to the market what may be the level of government assistance or otherwise in a competitive market. That would not get a competitive market to look at it. But stage 2 will give a lot more insight to its economic viability or its commercial viability, depending on which test you wish to put to it. That will give a lot more knowledge out in the market place for people to dispute or challenge with regard to the engineering costs, the financing costs or the project. That is the reason we put it out; to have that dialogue.

Senator WILLIAMS—Very good. Let us hope it proceeds. I know it is a state issue, but I am pleased to hear that the state government has announced that the Weemalah line that was going to be closed in northern New South Wales is now going to remain open, with some billing to the farmers. That is good news that these smallest lines do remain open to shift the heavy freight to places where they can be either shipped or trucked out.

Mr Marchant—Certainly ARTC will be doing that work for the state so it is in place by December.

Senator WILLIAMS—Good stuff! Thanks, Chair.

CHAIR—Thank you, Senator Williams. I thank you very much, Mr Marchant, for coming in again. I now call Nation Building—Infrastructure Investment.

Mr Mrdak—Chair, while we are waiting, I might just add to an answer I gave earlier to Senator Williams. He asked about the Ballarat to Stawell investment. If I can give you the details of that, Senator, while we are waiting for my officers to come in on item 4. You are absolutely right that the Australian government has contributed \$604 million out of a total project cost estimate of \$770 million to the projects on the Western Highway between Melbourne and South Australia. Over the period 2008-09 to 2013-14 the allocation is \$520 million. As you mentioned, there is duplication between Ballarat and Stawell, of which the Australian government is providing \$404 million. The \$200 million cost of the realignment of an area of road called Anthonys Cutting that you asked about comprises \$160 million Australian government funding and \$40 million Victorian government funding. The final component is a \$50 million upgrade of the road between Stawell and the South Australian border, of which the Australian government is providing \$40 million.

Senator WILLIAMS—So \$200 million is for realignment?

Mr Mrdak—Realignment of the Anthonys Cutting road.

Senator WILLIAMS—Thank you. That explains where it is going.

CHAIR—I welcome officers from Nation Building—Infrastructure Investment. Before we go to questions, Ms McNally, do you wish to make a brief opening statement?

Ms McNally—No, Senator.

CHAIR—That is fine. Thank you very much. Straight to questions. Senator Abetz.

Senator ABETZ—Thank you very much. On 27 May 2009 I asked question on notice No. NBII 14 from *Hansard* page 119:

When were you told of those projects that they wanted to fund?

Do you have that question and answer in front of you?

Ms O'Connell—No, Senator, we do not at the moment, but we can get that. We have access to them all.

Senator ABETZ—It was you, Ms McNally, who advised me:

I do not have a precise date, but we worked through the course of 2008.

Senator ABETZ—Could you provide that to us, because—

Senator Conroy—I will take that on notice.

The written answer in relation to when were you told is:

The Government is committed to honouring its election commitments as reflected in the Nation Building Program.

That is hardly responsive to the actual question of when, is it? What I want to ask: when were you told of those projects that they wanted to fund?

Mr Mrdak—These are the Nation Building Program projects, Senator.

Senator Conroy—Presumably if they were election commitments, they were announced before the election.

Senator ABETZ—When were you told of those projects? Ms McNally must know when she and the department were told of those projects.

Senator Conroy—An incoming brief normally contains a list of commitments that the government made during the election.

Senator ABETZ—I do not care how. All I was asking was when, the date. We are told:

The Government is committed to honouring its election commitments ...

That is all very nice, but I want to know when the department was told. It is very simple.

Ms McNally—Senator, when we went through that question previously, it was in relation to the election commitments. I said that there were a number of points during 2008 where we worked through those particular election commitments, that there were various decision-making points and there was no specific date, other than some commitments that were made during budget times, those sorts of things.

Senator ABETZ—In that case, there would have been a number of dates. Why can you not provide us with a number of dates?

Ms McNally—There was not an actual specific date. Basically, after the election in 2007 the processes went through the sorts of commitments that the government made. We then went through a number of processes of checking and double-checking that.

Senator Conroy—Compiling the incoming brief is what it is referred to as. They go through all statements made. That is what an incoming brief is, Senator Abetz.

Senator ABETZ—Believe it or not, I have had more incoming briefs than you have, Senator Conroy.

Senator Conroy—You certainly have.

Senator ABETZ—So do not try to try that sort of stunt with me.

Senator Conroy—That is why I am surprised that you do not understand the process.

Senator ABETZ—Minister, I do. The previous question was:

From where, Ms McNally, did you get the list to put on the departmental website?

You responded—

Senator Conroy—There was not an individual list. That is the point that we are trying to get across here. There was an election document and then a string of announcements made by the shadow minister.

Senator ABETZ—I am sorry, but Ms McNally told us on 27 May:

We—

namely, the department:

—were advised by the Government which projects they wanted to fund ...

Senator Conroy—All the election commitments.

Senator ABETZ—So how were you told, Ms McNally, which projects the government wanted to fund?

Ms McNally—Senator, the government made decisions as part of the budget process.

Senator ABETZ—I am not asking about that. You said you were advised by the government which projects it wanted to fund. How were you advised of that? Was there a document provided to you listing those projects?

Ms McNally—Senator, the election was in November 2007. I took up the position in March 2008. During that period there was a process of trying to identify which were the election commitments. Then it is up to us to go back to government and talk to them about the proposed election commitments. Then the government makes a decision and confirms those election commitments as part of that budget process.

Senator ABETZ—I do not know why we have this trouble in Mr Albanese's department, may I say. It seems to be the only area where we have this ongoing reluctance. You told me, you volunteered:

We were advised by the Government which projects they wanted to fund ...

So there must be an identifiable list of projects because the government actively advised you of that list. Is that correct?

Ms McNally—The list of projects are those projects that are currently listed in the MOU with the states and territories, Senator.

Senator ABETZ—So there is even an MOU that lists all these projects. Is that correct?

Ms McNally—That is correct, Senator.

Senator ABETZ—When did you receive that list that is contained in the MOU?

Ms McNally—The list was developed over a period of time. I do not have a specific date, but it was developed over some months during the May budget in 2008 with the states and territories. The way the process works is that there is no fixed date. There is a series of processes that lead up to getting that particular list, and then when there is—

Senator ABETZ—Of course, but there was ultimately a final list, was there not, that was included in the MOU? When did you finalise the list, please?

Ms McNally—The list was finalised when the MOUs were provided to the states and territories.

Senator ABETZ—And what date was that?

Ms McNally—I would have to take that on notice.

Senator ABETZ—Am I going to be told, yet again, Ms McNally, that the government is committed to honouring its election commitments as reflected in the Nation Building Program in answer to the question as to when?

Senator Conroy—It is a fact.

Ms McNally—I will try to get something back to you later today, Senator.

Senator ABETZ—Thank you very much. Can I then move on to NBII No. 15 in the same estimates. I asked:

I just want to know which is which because, looking at the website, I am not informed as to which one is a specific election promise and which one is not.

That was in relation to projects that are on the website. We were told in relation to election promises, 'Look at the website', that the website contains election promises and projects that were not election promises. We wanted to sort those out, separate them out, so I asked:

I just want to know which is which because, looking at the website, I am not informed as to which one is a specific election promise and which one is not.

The minister said:

As I said, we will take it on notice and see what information the Minister can make available to you.

Do you know what I was told:

The Nation Building Program projects can be found on the Nation Building Program website.

Well, duh! I know that. I wanted the separation as to which ones were election promises and which ones were developed after the election.

Senator Conroy—We will take that on notice and see if there is any further information the minister is able to provide.

Senator ABETZ—That is what I was told last time. We are getting the same useless answers that Senator Nash quite rightly complained about earlier. This is ongoing, I think deliberate, behaviour by the minister. Ms McNally, without telling me what answer—

Senator Conroy—I have just indicated we will take it on notice and see if there is any further clarification that we can provide for you.

Senator ABETZ—Thank you. Ms McNally, without telling me what you supplied to the minister's office, can you advise whether the answers to NBII 14 and NBII 15 were exactly as drafted by the department?

Senator Conroy—No, that would require Ms McNally to identify what—

Senator ABETZ—No, it would not.

Senator Conroy—Yes, it would. She is not in a position where she can tell you the information that is forwarded by virtue of exclusion.

Senator ABETZ—No, she cannot.

Senator Conroy—Instead of saying, 'Tell me exactly what you said', you are now saying, 'Tell me what you did not say', which leads to the same point.

Senator ABETZ—No, I am not. I am asking if the wording was the same. I am not asking whether words were added, subtracted or changed in any particular way.

Senator Conroy—Yes, you are.

Senator ABETZ—All I want to know is whether this is the way the department responds to questions—

Senator Conroy—Having asked these questions—

Senator ABETZ—or whether these are deliberate obfuscations, yet again, by the minister's office, because I honestly do not believe that officials in any department in the various ranges in this minister's portfolio would be so non-responsive to such very specific questions.

Senator Conroy—Having asked questions for 11½ years in opposition, I can assure you that never once was I given an answer to a question seeking the sort of information you have received.

Senator ABETZ—Obfuscation nonsense.

Senator Conroy—In fact, I was not even allowed to get an answer to, 'When did you forward the information to the minister's office?' Let me be clear about obfuscation, if that is what you want to describe this as. It has not been the practice in my experience of 11½ years that the sort of information you are seeking was offered by—

Senator ABETZ—Even if it be falsely asserted as correct—

Senator Conroy—No, it is not false. It is what I literally, for 11½ years—

Senator ABETZ—You said at the last election we would get the benefit of Operation Sunlight, that all these things would be fully and wholesomely answered. The Prime Minister—

Senator Conroy—Do you have any further questions?

Senator ABETZ—Now when I remind you of your election promise, you quickly want to move on to further questions. All right, I do. Can I ask you, Ms McNally, was the answer provided to me in the exact same form as that submitted to the minister's office?

Senator Conroy—That is not a question that the officer is in a position to answer. You are seeking—

Senator ABETZ—She is, but you are denying her the opportunity.

Senator Conroy—You are seeking to obtain the same information in a different question. We are not going to allow you to get around the Senate tradition of not providing the information that is supplied to ministers.

Senator ABETZ—I am not asking about what was in the answer.

Senator Conroy—No, you are entirely seeking to establish whether or not the information you have in front of you is the same as what the department supplied. That is exactly what you are seeking to do, Senator Abetz. We can waste the time between now and the lunch break repeating the question.

Senator ABETZ—It is only a waste if you do not answer questions honestly, openly and truthfully, and that is unfortunately the difficulty that we are confronting.

Senator Conroy—No, you are seeking—

Senator ABETZ—NBII 16, I asked:

Is Tasmania considered to be regional in that definition?

I was provided with the answer, 'No'. Unfortunately, I note that in the way this question has been provided the answer 'No' may in fact relate to something else, so I just want clarification on this one. It was a good, specific answer, and I appreciate that for a change, but just to ensure that there is no confusion, if you have NBII 16 in front of you—

Ms McNally—It is.

Senator ABETZ—you will see the question about halfway down the page:

Senator ABETZ—Right. Is Tasmania considered to be regional in that definition?

Is it that question that is being answered as 'No' at the bottom of the page?

Ms McNally—The question relates to Tasmania being regional, Senator.

Senator ABETZ—It does.

Ms McNally—Basically, Tasmania is not of itself considered to be regional, but there would be things in Tasmania that are regional.

Senator ABETZ—All right. Thank you for that. Further on, Mr Tongue said:

I do not have that information to hand, but I will endeavour to get it for you.

That was in relation to:

Out of the larger figure, is Tasmania, for example, considered to be regional, and so its \$800 million is included in that regional figure?

Ms McNally—Some of the \$800 million for Tasmania would be considered to be regional, Senator. The \$800 million itself is not all for regional activity. For example, you would not include the Kingston bypass in a regional figure.

Senator ABETZ—A great local one that I have been campaigning on for quite some time. Thank you very much. I said:

If it is not too difficult an exercise, if you could disaggregate and provide it to us on notice, we would appreciate that. Thank you for that.

But there has been no disaggregation provided, has there?

Ms McNally—No, Senator.

Senator ABETZ—Could you please provide that disaggregation?

Ms McNally—I will take that on notice, Senator.

Senator ABETZ—I am wondering whether the bold negative of 'No' was in response to my request for a disaggregation or not. That is the confusion. If you can do that, I would be much obliged.

Senator WILLIAMS—Just on Nation Building—Infrastructure Investment, in New South Wales \$42.7 million has been set aside for boom gates and other safety measures at 55 level crossings. That works out to around \$776,000 per level crossing, which seems very expensive. Were tenders called to carry out the installation of these boom gates?

Ms McNally—The boom gates work in New South Wales I think is being overseen and managed by the ARTC. I would have to check with them.

Senator WILLIAMS—Oh dear, we are a bit late on that! Are you sure that is the case?

Ms McNally—We would have to check with the ARTC.

Senator WILLIAMS—Going to local roads and black spot funding, do you know how many applications for black spot funding were received in the first two rounds?

Ms McNally—The first two rounds of the economic stimulus or the general program?

Senator WILLIAMS—For the general program, please.

Ms OConnell—There was the general program and then there was the economic stimulus package as an additional set.

Senator WILLIAMS—Both rounds of each.

Senator Conroy—There was an annual round for the Black Spot Program, and then there were two additional components for the economic stimulus.

Ms McNally—There were 607 black spot projects under the economic stimulus plan.

Senator WILLIAMS—That was stimulus, right.

Ms McNally—And there are a further 270 projects under the 2009-10 component, and 287 in the 2008-09 program, giving 1,167 in 2008-09 and 2009-10.

Senator WILLIAMS—Who determines the priorities for these black spot funding areas? Who says, ‘That is a dangerous section of road; that will get priority above a section somewhere else’?

Ms McNally—Panels are set up in each state, and the states basically provide advice. They are required to meet some pre-requirements around a level of cost benefit analysis and so on, crash history and that sort of thing. For example, if you take the New South Wales panel, membership of that is the Local Government and Shires Association, the National Roads and Motorists Association, the Institute of Public Works, Engineering Australia, New South Wales Police Service, Council on the Ageing (NSW), the Federation of Parents and Citizens Associations of New South Wales and the New South Wales Roads and Traffic Authority. The panel chair is Mr Craig Thomson, who is an MP. That panel would have submissions made to it, go through those and make recommendations based on meeting the particular parameters of the program.

Senator WILLIAMS—And those recommendations come to your department?

Ms McNally—That is correct.

Senator WILLIAMS—Do they carry out live inspections of areas of the road?

Ms McNally—In some instances they do.

Senator WILLIAMS—I am interested to know how many projects were funded in regional Australia compared to the cities. Do you have any idea of that?

Ms McNally—I could take that on notice.

Senator WILLIAMS—If you could do that, please, especially in relation to regional and urban New South Wales. It would be good if you could do that.

Senator Conroy—You are familiar, Senator Williams, with the fact that we increased Black Spot funding to \$150 million, even though the opposition voted against it. The total investment in the Black Spot Program is now \$250 million over two years, more than double the amount that the opposition spent over the same period, which will result in fixing an additional 607 black spots across the nation. I just wanted to make sure—

Senator WILLIAMS—There is probably one other thing too. We probably paid for it as they went instead of borrowed the money. So yours is on the tick as being paid for.

Senator Conroy—Now, Senator Williams!

Senator WILLIAMS—You are playing political games.

Senator Conroy—Wendy Machin, the President of the NRMA, said:

The NRMA warmly welcomes this additional funding, particularly the fact that a substantial proportion of the money will be immediately available to be spent this financial year.

Black Spot funding has been a major factor in improving road safety on many roads around Australia—additional funding for these projects is fantastic.

Senator WILLIAMS—While we are talking about Black Spot funding, Minister, I was interested to learn a week ago that local government planned to close to the public a 600-metre section of the Delungra bypass funded by the federal government. However, I think circumstances have changed and the road may remain open. It is a strange situation where a road is closed after the federal government has provided Black Spot funding.

Senator Conroy—Even the Australian Trucking Association said:

We are very pleased the Government has looked beyond tomorrow's headlines and is putting money into fixing the roads and making them safer.

Every road user will benefit from the Government's plan.

Even the ATA had to—

Senator WILLIAMS—The stars and planets have lined up.

Senator HUTCHINS—No government—

Senator Conroy—Wowiee!

Senator WILLIAMS—Is that the same organisation, Minister, that welcomed the canning of the blue card legislation you had in the Fair Work Bill?

CHAIR—The same clowns that—

Senator WILLIAMS—Are you saying that the ATA—

Senator Conroy—Even the ATA, Senator Williams. Imagine that.

Senator WILLIAMS—I am just waiting for the chair to finish.

Senator Conroy—Even the ATA. My goodness!

Senator WILLIAMS—Let us know when you have finished, Chair.

CHAIR—That moribund mob. Sorry, Senator Williams.

Senator WILLIAMS—I do not think you really are sorry.

Senator HUTCHINS—Minister, that could have represented the opposition's view, but that might be the National Party's view about black spots.

Senator Conroy—They have lost control of the Farmers Federation. Have you seen that the Farmers Federation have told them what to do on ETS?

Senator WILLIAMS—Back to this black spot funding. The ATA has a lot of common sense, especially when it comes to throwing out your blue card amendment to the Fair Work Bill that would require truckies to carry a blue card like they do in New South Wales. You know where the funding goes, don't you?

CHAIR—Senator Williams. You shouldn't go there—

Senator WILLIAMS—Shall we continue on with the subject of the ATA and the trucking industry or get back to work?

CHAIR—Do not go there, Senator Williams.

Senator WILLIAMS—I would love to go there.

CHAIR—Your lot did not want them to have safe rates.

Senator WILLIAMS—I would love to go there.

CHAIR—No way could truck drivers be safe on our national highways.

Senator WILLIAMS—Come off it!

Senator Conroy—Thanks to the National Party.

Senator WILLIAMS—Come off it! Go and ask the truckies what they think about that one.

CHAIR—Nationals, the Libs, Stuart St Clair, the ATA.

Senator Conroy—I would love to ask some truckers their view.

Senator WILLIAMS—Give the money to Blue Card Australia in Western Australia and what do they do with the money?

Senator Conroy—Are there any truck drivers involved in the ATA?

CHAIR—No, just former burnt-out National members and other heroes.

Senator WILLIAMS—Ms McNally, getting back to those questions on the black spots, how many have been completed?

Ms McNally—Out of the economic stimulus package?

Senator WILLIAMS—Yes.

Ms McNally—One hundred and forty-eight have been commenced and, out of that, 36 have been completed. Another 250 are due to commence over the next two months.

Senator WILLIAMS—Will the next round of Black Spot funding be in next year's budget? I assume there will be no more stimulus package funding.

Ms McNally—It is an annual allocation.

Senator Conroy—You are not calling for more spending, are you?

Senator WILLIAMS—No. We have enough debt to clean up with your mess as it is.

Ms McNally—There is an annual allocation of \$59.5 million each year up to 2013-14. The panels will go through the process of identifying the projects and that sort of thing.

Senator WILLIAMS—I want to go to heavy vehicles, blue cards and compulsory funding for various companies. We will not go there, Minister, will we? You would be embarrassed. How many areas were considered before the final list of sites for rest areas was determined?

Ms McNally—For the Heavy Vehicle Program, Senator, the minister wrote to states and territories asking for proposals. Some states identified a number of areas while others identified only a small number of projects. Victoria identified only one major project. We then made recommendations based on the information provided for those projects, and decisions were made on that basis. There is a different number of projects in each state. For example, South Australia has 13 projects that range from new rest areas, upgrading existing rest areas, new parking, decoupling bays and upgrading existing parking and decoupling bays. There are 45 in the Australian Capital Territory, but they relate to very small—

Senator WILLIAMS—Forty-five?

Ms McNally—Forty-five. That relates to planning and analysis of much smaller pieces of work. New South Wales has 58, Western Australia 19, Queensland seven, Northern Territory three, Tasmania four, and, as I said, Victoria had one.

Senator WILLIAMS—So nine in South Australia and 45 in the Australian Capital Territory?

Ms McNally—No, 13 in South Australia, Senator.

Senator WILLIAMS—And 45 in the Australian Capital Territory?

Ms McNally—The main pieces of work for the Australian Capital Territory comprise identifying improvements to make areas safe, rather than putting in a whole new rest stop, and planning and that kind of thing in 45 different areas.

Senator WILLIAMS—Do you consult with the trucking industry to determine the priority for construction of truck stops or rest areas?

Ms McNally—They are invited to put in submissions, and I understand they have put in submissions.

Senator WILLIAMS—You understand they have put in submissions?

Ms McNally—That is correct. There are two rounds for the Heavy Vehicle Program.

Senator WILLIAMS—In my opinion, the truckies would have the best idea where a new rest stop is needed. Did you receive submissions from them?

Ms McNally—Yes. Some of the submissions may go to supporting those that were identified by a state government. They may not say, ‘We disagree with the state’s recommendation.’ Some of the submissions stated, ‘We support what has been put forward by the state government.’ Some were less prescriptive, just about a range of things on a specific road or something like that. Different sorts of submissions come in.

Senator WILLIAMS—Overall, do you follow the recommendations of the trucking industry when they put priorities on new rest areas?

Ms McNally—Yes. The information that they provide certainly is part of the consideration.

Senator WILLIAMS—One would hope so, because they would be the ones that would be in touch with the issue probably most of all.

Ms McNally—They have been a very important part of the process.

Senator WILLIAMS—Are there any all-weather road rest areas or have they all been put on bitumen roads?

Ms McNally—I would have to take that on notice.

Senator WILLIAMS—Yes, take it on notice because it does concern me. There are a lot of areas in outback New South Wales where truck drivers are bound by stringent regulations to stop. I am thinking of places like Bourke, out the back of Wanaaring, White Cliffs, Tibooburra, et cetera—back tracks that simply do not have parking bays. It is probably not a problem in the dry weather we have had of late, but during heavy rain they virtually cannot get off the main drag to park their trucks to rest. That is something that perhaps you should consider. They might be expensive to be put together, but you can see where I am coming from. They are compelled by law to stop their truck. If they are on a dirt road and there is no facility or no rest area, where do they park their truck? In the middle of the road?

Ms McNally—Yes.

Ms O’Connell—Senator, there is also an opportunity with the next round. There has been a call for a next round of proposals. If there are any like that, there is the potential for them to be considered in the next round against other priorities.

Senator WILLIAMS—Does the federal government provide half the cost and the state the other half for rest areas?

Ms McNally—The state government is required to continue the programs that they already have for rest areas.

Senator IAN MACDONALD—In answer to questions taken at the last estimates, you told me that \$55 million had been promised for the Calliope Crossroads in central Queensland in the electorate of Capricornia but \$1.7 million is available in the current financial year to continue planning works. Is the balance of the \$55 million, which is \$53.3 million, listed in the out years for expenditure here? This answer was for question on notice NBII 22?

Ms McNeill—The funding for individual projects is not listed as line items in the budget papers. That is the global budget for the entire program.

Senator IAN MACDONALD—Okay, but for this Calliope Crossroads \$55 million was promised and \$1.7 million made available for planning. What do we read for the balance of that?

Ms McNeill—The remaining funds will be assigned once the timing of commencement of the project is known. That requires the planning to be finalised, then we work with the state government to determine when that project will commence, and then discussions are held as to when the funding needs to be made available.

Senator IAN MACDONALD—Okay. The same answer talks about a different project, the Bruce Highway at Gairloch north of Ingham. You indicated on notice that \$40 million in funding for the flood immunity project at the Gairloch Floodway is allocated under the national building program. What does that actually mean—‘is allocated’?

Ms McNeill—Again, that means the funds have been committed under the nation building program. The timing of when construction will commence will determine when that funding will be allocated and spent.

Senator IAN MACDONALD—What are we waiting on in the case of the Gairloch? There is no planning being done, so I assume that has been done, and that does not surprise me because I think it was allocated under the previous government.

Ms McNeill—Sorry, Senator—could you remind me which question on notice we are talking about, please?

Senator IAN MACDONALD—It is the same one. It is question NBII 22 on page 128 of *Hansard*, 27 May. It is both those items I just mentioned.

Ms McNeill—We do await that advice from Queensland. It is a rolling program. The nation building program is a five- to six-year program of funding and of a number of projects. The timing of that project is yet to be determined and finalised. Again, once we know when the project is going to commence, the funding will be allocated, but we do not anticipate that project starting in 2009-10 because we have not made funds available this year.

Ms McNally—I will just explain the way the process works. What happens is that we have the whole envelope for the six-year period and then the states have their amount within an envelope for that period. Money is identified against specific projects. Each year we negotiate with the states those projects that are going to commence so that we can make sure that we can meet the commitments within the money that is in the forward estimates for a particular year. The states undertake planning through the period and we negotiate with them in February every year on what the priorities are for them for that year. The money that actually gets allocated depends on the funds that are available for that year. That project will occur within the funding envelope, but not in a specific year as yet.

Senator IAN MACDONALD—No, in the case of Gairloch, you have told me the money is allocated.

Ms McNally—It is allocated in that six-year period, so the money has been identified for that project and the commitment is that within the overall funding envelope to 2013-14 that project will be undertaken.

Senator IAN MACDONALD—It sounds like 15 political announcements by ministers and candidates, Minister, for the—

Senator Conroy—What a shockingly cynical approach you take, Senator Macdonald.

Senator IAN MACDONALD—You have announced it is allocated. So when is it going to happen?

Senator Conroy—The announcements will happen when they are announced.

Senator IAN MACDONALD—No, the announcement has been made—about 10 already—but when is the work going to start? That is what I really want to know.

Ms McNally—We have not got a date for that as yet.

Senator IAN MACDONALD—But why not? Are you saying it is entirely up to Queensland?

Ms McNally—No. We have discussions with the state, depending on what planning has been undertaken, depending how firm their design work is. There is a \$36 billion program over the six-year period and it is not possible to commence \$36 billion worth of projects within the first year. What we try and do is stage them over that six-year period, and this is one of the projects that will occur a bit further through the program.

Senator IAN MACDONALD—So what am I to tell the literally hundreds of thousands of people who use the Bruce Highway every year and who ask me when this is going to be fixed? I say, ‘Well, the money’s been allocated,’ and they look at me and say: ‘That’s very interesting. I’m not really interested in that. I want to know when the bulldozers are going to start, when the bitumen trucks are going to come on.’

Senator Conroy—Did you vote for this program?

Senator IAN MACDONALD—In fact, Minister, I suspect that this section of the Bruce Highway north of Ingham was money allocated by the previous government.

Senator Conroy—Oh, you suspect!

Ms McNally—There are 700 projects.

Senator IAN MACDONALD—But this is one of the problems. The money has been put there for years and yet nothing seems to happen.

Senator Conroy—I suspect you did not vote for it.

Senator IAN MACDONALD—As I say, I suspect it was an initiative of the previous government.

Senator Conroy—I suspect you did not vote for this program. I just have a sneaking suspicion you did not vote for it, Maca. So when people say to you, ‘When’s it going to be finished?’ you say, ‘I’ve got no idea because I voted against it.’

Senator IAN MACDONALD—I have already written to your Deputy Prime Minister about her childish remarks in these areas. I expect not much better but a little better from you. If we were not serious we would not be here.

Senator Conroy—The heavyweights have arrived. We are safe now! We will get some common sense.

Senator FISHER—Thank you, Minister.

Senator IAN MACDONALD—Is there any way we can find out when the bulldozers are going to start?

Ms O'Connell—In terms of the overall program's commitment to funding this project within the nation building program, we consult with the state government about commencement dates, which are dependent on the timing of studies and other works that are going on within the state. We will take the question on notice and go and talk with the state government about the commencement of this specific project.

Senator IAN MACDONALD—I can assure you—

Senator Conroy—If I can just add to the answer, which I am entitled to do, I can assure you that if we are lucky enough to be in government for nearly 12 years we will do something about this stretch of road, unlike the previous government.

Senator IAN MACDONALD—I will say for Senator Conroy's edification that I had this same conversation with Mr Truss when he was transport minister. Why don't we just spend the \$40 million, engage some contractors and go ahead and build the B road? We have allocated the money but we have to wait on an inefficient government like we have in Queensland to actually get around to doing it.

Senator Conroy—He has opened it up for pineapple party advocates. Have you even got a party still up there? Which party are you in—the LNP, the NLP, the PNL?

Senator WILLIAMS—Point of order, Chair.

Senator IAN MACDONALD—Just ignore it.

Senator WILLIAMS—No, point of order. Senator Macdonald is asking a question and getting an answer such as that from the minister. How about letting the place run along a bit in a proper fashion?

Senator Conroy—On the point of order—

Senator IAN MACDONALD—Anyhow, is there—

CHAIR—Yes, on the point of order, Minister.

Senator Conroy—If Senator Macdonald can refrain from making derogatory comments about the Queensland government as commentary along the way, I was going to acknowledge that I am sure he actually did lobby—

Senator WILLIAMS—He is making a truthful comment.

Senator Conroy—I am sure he did lobby Minister Truss and other previous transport ministers extensively. It is just that, tragically, he was unsuccessful. But this government is actually acting.

Senator IAN MACDONALD—The money was allocated under the previous government.

CHAIR—Sorry, Senator Macdonald. If I can come back to the point of order, I think in all fairness, Senator Williams, Senator Macdonald wants to move on. He has a heap more questions.

Senator IAN MACDONALD—I thank Senator Williams, but I can ignore Senator Conroy as well as anyone else.

Senator ABETZ—Most people do. Why shouldn't we?

CHAIR—Senator Macdonald, you are enticing the minister to react. I would encourage you to ask questions.

Senator IAN MACDONALD—This is a serious question. The Commonwealth allocates the money so people think—and I think, as a user—‘Good. We will get it fixed.’ Then it does not happen. You look around and say, ‘Well, the money is allocated.’

Senator Conroy—We look forward to making these announcements, Senator Macdonald—as I am sure you will.

Senator IAN MACDONALD—The money is allocated. Is there anything you can do to ensure that your money, which you have allocated, is actually used to actually do what it was allocated for—that is, to build a road?

Senator Conroy—I look forward to hearing those announcements, as I am sure you will.

Ms McNally—Yes.

Senator IAN MACDONALD—Ms McNally said, ‘Yes.’ Could you tell me what you can do?

Ms McNally—The specific project is identified in the MOU with the Queensland government as an Australian government commitment within the forward estimates period.

Senator IAN MACDONALD—I do have a lot of questions to go through but the same answer is going to be given—that is, ‘Yes, the money is allocated if you live long enough.’ My life span is looking to be about 20 years from here, and I may not be alive when it is spent.

Senator Conroy—That is completely inaccurate Senator Macdonald, as you know. Ms McNally has indicated it will be in the forward the estimates period.

Ms McNally—That is right.

Senator Conroy—That is quite a defined period. I am planning on living longer than the forward estimates; I am not sure about you. Maybe you have other arrangements.

Senator IAN MACDONALD—Anyhow, you are not going to be able to tell me—

CHAIR—Sorry. Senator Macdonald. Mr Mrdak was answering you as well.

Mr Mrdak—As Ms McNally did undertake to do, we will seek advice from the Queensland Department of Main Roads in relation to what their current project schedule is. We will come back to you in relation to that. As my officers has outlined, as you know, there is a process here whereby we try and marry up the Queensland government construction schedule with the funding profiles available from the Commonwealth. That happens each year, to try and marry up the cash flow available from the Commonwealth and the Queensland

government cash and project schedules. That is an ongoing process that my officers undertake. Coming out of this afternoon we will undertake to get you as clearly as possible what is the projected start date on the QDMR program for that work.

Senator IAN MACDONALD—Thank you, Mr Mrdak. If we are waiting for Queensland to have the money to put in their share then we could be waiting a long time, but let us see what they say.

Mr Mrdak—In relation to these types of projects where it is Commonwealth funding, it is more a case of Queensland having their own priorities and their own work schedules in relation to what their departments are doing. We need to marry their priorities with ours and have that undertaken. That is the sort of work which, as you know, goes on between our departments.

CHAIR—On that, Senator Macdonald, it is one o'clock now and we will go to a one hour break. We will be back at 2 pm sharp. Senator Macdonald, you will have the call.

Proceedings suspended from 12.59 pm to 2.00 pm

CHAIR—Welcome back. We will continue with nation building. Senator Back, do you have some questions?

Senator BACK—I do, as a matter of fact. I did not think I was going to be so honoured. The questions relate to a road network in Perth around Kooyong Road, Tonkin Highway, Great Eastern Highway and Perth Airport. Is it an appropriate time to be asking questions in that regard? Have I got the right place?

CHAIR—Yes. This is the right place.

Senator BACK—Ms McNally, we had some discussions last time around this, I understand. Can you just give me an update, please, as to the progress particularly firstly in that Kooyong Road, Tonkin Highway and Great Eastern Highway section. I think it is a combined federal and state contribution. I am wondering where we are with the project.

Ms McNally—We are just getting our papers together, Senator.

Senator BACK—Thank you. I have it in exactly the same position. My recollection is that it is a commitment from the federal government of \$180 million with the balance to be paid by the Western Australian government, that that was an 2008-09 commitment and that in this financial year the state government has committed \$50.9 million and that there has to be a contribution, I think, of \$56.9 from the federal government. I am wondering where we are with that.

Ms McNeill—That is the project involving the widening of the Great Eastern Highway between the Kooyong Road and Tonkin Highway from four to six lanes and the upgrading of the intersections.

Senator BACK—That is correct. It is trying to ease the congestion, partially at least, around the Perth Airport entrance as well, I think, or the approaches to it.

Ms McNeill—Yes. As we mentioned at the last estimates hearing, planning did commence in March 2009 and that planning is continuing. As I know you would appreciate, it is a very complex road area—

Senator BACK—Yes.

Ms McNeill—with a lot of work being done there with respect to road modelling and assessments also of the broader Perth Airport area. We expect at this stage that construction should commence some time in 2011.

Senator BACK—Is the figure of \$56.9 million from the federal government a confirmed figure in this financial year?

Ms McNeill—Yes, it is.

Senator BACK—We could not find it. I think, Ms McNally, we had that discussion back in May. We could not find it in the actual budget papers, but presumably you are confirming that those funds are confirmed for this year?

Ms McNeill—Yes, we are. As we discussed before lunch, there are many projects within the Nation Building Program that are not specifically identified in the budget papers, but the entire collective program dollar values for the year are.

Senator BACK—Sure. Can you tell me what the Commonwealth's funding will be to ensure that project does continue on track?

Ms McNeill—Not at this stage. It will depend upon the outcomes of the planning as to when the funds are needed in each of those years, so planning will need to progress a little bit further before we determine when the funds need to be allocated to the actual construction.

Senator BACK—Sure. I have two other brief questions. Can you give us any advice on the Perth Airport multimodal links project or is that actually in Infrastructure Australia?

Ms McNally—I think it is probably more for the airport, the Perth Airport multimodal links project.

Senator BACK—Yes.

Ms McNally—I do not have that information with me, so I can take that on notice.

Ms O'Connell—Senator, it is to clarify the proposal that has gone to IA, so it is within the deliberations of IA and their considerations.

Senator BACK—So currently it is under consideration but no decision has been made?

Ms O'Connell—That is correct, as I understand it.

Senator BACK—If you could just confirm that, and if there is any other further information you could get for us, I would be appreciative. My final question has nothing to do with Perth. Under the strategic regional program there was a question of an allocation of \$4.7 million for a road known as the Mowen Road project in Nannup in the south-west. I was wondering if you could give me any update as to the fate of that application in this current or future financial year?

Ms McNeill—Can I just confirm, Senator? Is that the upgrading and sealing of the remaining 32.4 kilometres of Mowen Road between Sues Road and the Vasse Highway?

Senator BACK—That is correct, yes. It is a road that is coming into increasing use, of course, because of the exploration activity going on down there, as well as tourism et cetera. It is that exact project.

Ms McNeill—Some 6.7 kilometres have been completed to date, with the remaining sections currently in design phase. Council has indicated to us that the remaining construction will be undertaken in 2010-11 and the Australian government has provided \$4.7 million towards that project.

Senator BACK—It has been provided?

Ms McNeill—Yes.

Senator BACK—Thank you very much.

CHAIR—Thank you, Senator Back. Senator Macdonald?

Senator IAN MACDONALD—You were going to get me details about the Gairloch Floodway. I do not want to give you a huge amount of paperwork to do, but would it be too much trouble to do that for the whole of Queensland?

Ms McNally—No, Senator. I can provide you with a copy of the MOU that is on our website, where it is listed.

Senator IAN MACDONALD—What is listed?

Ms McNally—There is that funding commitment by the government for that particular project, as well as all the other Queensland projects.

Senator IAN MACDONALD—I would be grateful for the funding commitment. What I really want to know is when the work is going to be done. I thought you were going to get, from the Queensland government, when they might start the \$40 million Gairloch—

Ms McNally—Yes, we were. We have not done that as yet.

Senator IAN MACDONALD—No; of course.

Ms McNally—But we will do that for you.

Senator IAN MACDONALD—I am just wondering: can you extend that to all of the Queensland projects?

Ms McNally—That have not commenced? It would be unlikely that there would be fixed dates for a number of the projects.

Senator IAN MACDONALD—As many as you can.

Ms McNally—We will take that—

Senator IAN MACDONALD—We are hoping that Gairloch is going to happen and I think I mentioned a couple of others. Anyhow, what is programmed to actually start soil turning and bulldozers working in the next year? I am not sure whether it is the financial year or the calendar year. I assume they would have a couple of years out. What I am really after is this. Over the next, say, two years—if that is reasonable—where are the bulldozers going to start? I appreciate the funding that you have for me, and thank you for getting that. I think we probably got it before, but thank you anyhow. What I want to know is not when the allocations are being made—that is good; that is great—but when they start, if that is possible.

Ms McNally—Yes.

Senator IAN MACDONALD—Thanks very much for that. If anyone else has other questions, they could ask them while I just get my material together.

CHAIR—Absolutely, no worries. I have a couple of quick ones I would like to ask you, Ms McNally, about the Mandurah Entrance Road. That was part of the economic stimulus package. Is that correct?

Ms McNally—Yes. That was one of the projects that was announced in December. The total project funding for that project is \$155 million. It involves the construction of a new 6.5 kilometre road and intersections between the Kwinana Freeway extension and Mandurah and includes an interchange with the Kwinana Freeway. Construction of the road commenced in September 2009 and it is expected to be completed in 2010. Some good progress has been made on that particular road. Site offices and compounds have been established and the construction site has been fenced off from the Mandurah railway line. Clearing of the road is now 95 per cent complete. A large quantity of topsoil was able to be stockpiled from that site for future use. Earthworks have commenced and are actually ramping up as we speak. By March 2010 it is expected they will be completed to a point where pavement laying can commence.

Work has also started on the major structures to be constructed for the project: two railway tunnels that will take the Mandurah railway line underneath the new road. The construction of tunnel footings is expected to commence shortly. The interchange that will link the Mandurah Entrance Road to the Kwinana Freeway extension has actually been completed and is a diamond type interchange. It was constructed in conjunction with the New Perth Bunbury Highway project. It was completed and opened to traffic in September. So there is good progress on that particular project.

CHAIR—As a taxpayer, a Western Australian and a ratepayer in Mandurah, congratulations. I think it is wonderful that finally we can get in and out of Mandurah without taking six or seven hours. Well done. Thank you, Ms McNally.

Senator IAN MACDONALD—Is the National Broadband Network part of the Nation Building Program?

Ms McNally—No, it is not part of the Nation Building Program. That relates to roads.

Senator IAN MACDONALD—It is part of Infrastructure Australia, is it?

Ms McNally—It is part of the considerations by Infrastructure Australia.

Mr Mrdak—Infrastructure Australia identified as one of its national priorities the need for a National Broadband Network and recognised that it was one of the major investments that Australia needed to make. So it certainly identified the broadband investment as a national priority. The government did fund an initial component of the National Broadband Network from the Building Australia Fund.

Senator Conroy—Just to clarify, nothing has changed since the last three estimates, at which the same question has been asked.

Senator IAN MACDONALD—I am not sure that I asked them.

Senator Conroy—I was not suggesting that it was you. I would have said it was you.

Senator IAN MACDONALD—No. My only question will be—because we are having fun with the Senate inquiry into the NBN—

Senator Conroy—You are having a ball I hear. You are learning lots about—

Senator IAN MACDONALD—We had lots of fun with Senator Conroy last night on his area.

Senator Conroy—Lots.

Senator IAN MACDONALD—I am interested to know exactly what part either the department or Infrastructure Australia plays with the NBN, or is it nothing?

Senator Conroy—None, zero.

Senator IAN MACDONALD—None, zero. That is a pity because they might have been able to tell us about the funding, which neither you nor your department can, Minister. I was hoping that we might get something.

Senator Conroy—There is nothing to clarify. The funding is very clear.

Senator IAN MACDONALD—Has there been any progress on the Brisbane inner-city rail study since I last asked about that?

Ms O'Connell—The Brisbane inner-city rail feasibility study is work being done by Infrastructure Australia. There was a budget commitment to work on the feasibility study. That is underway through Infrastructure Australia, and any further funding is subject to their assessment.

Senator IAN MACDONALD—I am going to put a series of questions on notice mentioning a great number of projects and asking for an update. I suspect we ask this every time. Can I just say to you on the record that if there is nothing new to report just put, 'Nothing since last estimates.' I do not want you to go to unnecessary trouble. But where there has been movement on any of these projects I would like to know. I will be tabling those questions on notice. I will identify them with the title 'Nation Building Program—general project delivery' and there are questions Nos 1 to 41, although some of those have been crossed out because I have asked them. If there have been updates, can you let us have those? I will give those questions on notice to the secretary. I do not want you to spend enormous time on it if there is nothing new to report.

CHAIR—We have about three-quarters of an hour left, Senator Macdonald.

Senator Conroy—Take your time.

Senator IAN MACDONALD—We could always move quickly ahead, Mr Chairman.

CHAIR—I will go to Senator Fisher.

Senator IAN MACDONALD—Sorry, could I push in, because then I will slip next door.

Senator Conroy—If you push in, it is your call.

Senator IAN MACDONALD—I did have one question about the Karumba Airport, Minister, but I am a bit embarrassed about the naming, so I will not go into that.

Senator Conroy—Come on. Make me blush.

Senator IAN MACDONALD—Does anyone have the details here about the funding for Karumba Airport? I think we have been through this before.

Senator Conroy—I thought we had renamed it, though, Senator Macdonald, at your behest.

Senator IAN MACDONALD—I am a bit embarrassed that I have not been able to deliver on that, Minister. I am not sure it came out of the Nation Building Program either.

Ms O'Connell—No, it did not.

Mr Mrdak—In our aviation-airports area, Mike manages the regional aviation program. We can get a further update for you in relation to that airport.

Senator IAN MACDONALD—I will do it then as that item comes on later. Minister Conroy, it is good of you to lend your weight.

Senator Conroy—At your behest.

Senator IAN MACDONALD—There was not as much in it as I might have hoped, but we are grateful for small mercies. The only other question I want to raise with you on the Nation Building Program is what is called the Outback Way—the road from Winton in Queensland to Laverton in Western Australia, across the centre of Australia and past the Arndaritjika Aboriginal Corporation at Harts Range, which has another local name. The Queensland, Western Australian and Northern Territory governments are putting in bits each year. But it has been put up as a Nation Building Program, I understand, by the Outback Highway Development Council Inc. There is a Friends of the Outback Way group, a parliamentary group, which Senator Crossin and I co-chair. In early September some of us drove from Alice Springs to Winton over part of it. Does it feature anywhere in the Nation Building Program or, if not, in Infrastructure Australia or anywhere else within the department?

Ms O'Connell—We will take on notice whether there is a submission to Infrastructure Australia on it, and I will get back to you on that. In relation to the Nation Building Program, I will ask my colleague to respond.

Ms McNally—There is a project on the Outback Way under the Nation Building Program. The Australian government is committing \$10 million to that program. It involves the upgrade of 11 priority sections of the 2,800-kilometre route across WA, Northern Territory and Queensland. A range of works is occurring and those works include raising the road, improving drainage, realigning and sealing kerbs, gravel sheeting and widening various sections of the road. The current status of that is that it is under progress, and it is scheduled to be completed in 2010.

Senator IAN MACDONALD—This is funding from years previously, is it not?

Ms McNally—It is under the Nation Building Program. It is one of the strategic regional projects. It is off the network; it is not on the national network. But funding of \$10 million has been provided for that.

Senator IAN MACDONALD—When was that announced?

Ms McNally—Work started in 2006 and is due to be completed in 2010.

Senator IAN MACDONALD—I had a feeling it was a previous government announcement, and 2006 would confirm that. That is now wound in under the Nation Building Program, is it? That is interesting.

Ms McNally—The government has agreed to continue to fund a lot of the projects that had not been completed under the previous programs, and that is one of those projects.

Senator IAN MACDONALD—But the allocation was for \$10 million?

Ms McNally—That is correct.

Senator IAN MACDONALD—And it is still \$10 million?

Ms McNally—That is right.

Senator IAN MACDONALD—Again, I am glad it is being done, but to claim it as a Nation Building Program when it was an initiative of the former government is a little rich. I wrote to Mr Albanese on 15 September about this issue. I assume the department will be giving me a response at some time.

Ms O'Connell—Yes.

Senator IAN MACDONALD—It was a plea by Ms Greta Honeyman, the coordinator of the Arndaritjika Aboriginal Corporation. We stopped there on the way. She is simply reinforcing the great social benefits as well as economic, defence and other benefits that come from this highway. Bearing in mind that the \$10 million is an initiative of the previous government, is there anything in the forward plans to continue to build on that?

Ms McNally—Just to continue paying that. Around \$7 million has been paid out, and the government is committed to paying the remainder of that \$10 million.

Senator IAN MACDONALD—Okay. I think you will find that the Outback highway council will be making an application for major funding. They only want \$128 million, as I recall, to complete the sealing from A to B, which would be good if they could get it, but it is a bit much of an ask perhaps. But certainly, if they can be included in a regular program—but I guess that is making submissions rather than asking questions. Okay. That is all I have, thanks, Mr Chair.

Senator FISHER—I have some questions about South Australian road projects, starting off with the announcement that the federal and the South Australian governments have allocated a total of about \$930 million to upgrading South Road in South Australia. Can I ask someone about that?

Ms McNally—Yes, certainly, Senator. You wanted to know about the Australian government's commitment to South Road?

Senator FISHER—Yes, in particular, and I am going from an announcement in October this year. Is it correct that collectively the governments have allocated \$930 million towards the upgrade—I think some \$500 million is to come from the federal government and some \$430 million from the state government; is that right—according to the announcement made in October this year?

Ms McNally—That is correct, Senator.

Senator FISHER—What is the funding profile for the commitment in terms of appropriation across each financial year of the project?

Ms McNally—In the 2009-10 budget the government allocated \$8.9 million to commence planning on South Road.

Senator FISHER—Sorry, how much for planning?

Ms McNally—\$8.9 million. Planning has commenced on two aspects of that road. There were going to be seven areas that need planning. The Port River Expressway to Regency Road is one of those and the other one is the interchange works at Darlington. A further \$32.7 million was allocated in the 2009-10 budget to commence construction.

Senator FISHER—How much?

Ms McNally—\$32.7 million, Senator.

Senator FISHER—Can you tell me those two exchanges again?

Ms McNally—The Port River Expressway to Regency Road, and the second one was the interchange works at Darlington. In terms of the Port River Expressway to Regency Road, much of the planning works have actually been undertaken and they are expected to be completed early in 2010, but the first phase of that particular planning has been completed and a preferred scheme has been announced. That was announced on 15 October.

Senator FISHER—Can you provide the committee with a copy of that?

Ms McNally—I can.

Senator FISHER—On the completion date to which you referred: is that the completion—

Ms McNally—The planning—the overall planning for that particular area is early 2010.

Senator FISHER—So the date to which you referred is the completion for planning?

Ms McNally—The first phase of that has been completed, yes. The second phase will include things like community consultation, completing environmental impact statements—those sorts of things. The community consultation and those environmental assessments are required before any construction can actually commence.

Senator FISHER—All right. So that is a provision of a total of some \$40 million if you add your \$8.9 million for planning and your \$32.7 million for construction in the 2009-10 financial year.

Ms McNally—That is right, Senator.

Senator FISHER—So that is \$40 million from the federal government of some \$500 million.

Ms McNally—That is correct, Senator.

Senator FISHER—What is the funding profile for the rest of the \$500 million?

Ms McNally—This will depend on the outcome of the planning—so when the planning is completed. The way the construction industry work is that they undertake initial feasibility work, then they do their detailed design and planning and then through that they look at things like what particular technical works need to be undertaken, what a suitable interchange piece

of work is that needs to be undertaken, whether there are any bridge works and whether there are any relocations needed. Based on that detailed planning, they then start to work out what funding will be required when, and we are still awaiting the outcome of that.

Senator FISHER—Depending upon the study, on which part or parts of South Road will the balance of the \$500 million be spent—in other words, some \$460 million?

Ms McNally—It will be spent on those particular aspects of the road that the study has been undertaken for, so the Port River Expressway to Regency Road and the interchange works at Darlington.

Senator FISHER—Anything else?

Ms McNally—I have not really got any other information with me, Senator. I would have to take that on notice.

Senator FISHER—Can you, please?

Ms McNally—Yes, Senator.

Senator FISHER—Thank you. How much would you say of the funding announced in October 2009 is new money—so not previously announced in the 2008-09 budget? Are you suggesting all of this?

Ms McNally—All of that was announced in the 2009-10 budget. The 2009-10 budget included those announcements of the \$8.9 million and the \$32.7 million.

Senator FISHER—So, of the \$460 million, where has that appeared or where will that appear?

Ms McNally—When the government committed to its six-year program between—

Senator FISHER—Sorry, can you say that again, please?

Ms McNally—The government committed to a six-year program of funding, which totals around \$36 billion. Within that they specified individual projects and they allocated specific amounts for those individual projects. They did that in 2008, and that was part of an agreement with the states and territories under a memorandum of understanding. The \$500 million for South Road from the Southern Expressway to the Port River Expressway was announced as part of that agreement. Then we roll out parts of that money during that six-year period to enable pieces of work to be undertaken, with the first bit being the detailed planning and design work.

Senator FISHER—So, when the federal government announced prior to October 2009—and I am referring to announcements made in September 2008, February 2009 and July 2009—\$500 million and repeated that commitment, in successive media releases, towards the upgrade of South Road in terms of grade separations, which intersections were contemplated for grade separations as part of that package of announcements?

Ms McNally—There will be grade separations along that particular piece of road. As I said, part of the study is to analyse those. There will be several of them and it will be up to the South Australian government which particular grade separations occur. But again, Senator, it is subject to the detailed planning being completed. The idea is to put in place a number of grade separations to try to elevate—for example, a 2.8-kilometre elevated road bridge will be

put in place about 10 metres above the existing footprint of South Road between Wing Street and Taminga Street.

Senator FISHER—Between what streets?

Ms McNally—Sorry, between Wing Street and Taminga Street. They are looking at modifications to 1.7 kilometres of South Road between Taminga Street and Regency Road. Then there will need to be some upgrades to the local road system that connects into that particular road for South Road.

Senator FISHER—Where does what you have just said, according to what is on your website, referring to the South Road package—works and grade separations—fit? In particular, your website says at the southern end of South Road the project will allow work to commence on the grade separations of the South Road and Sturt Road intersection at Darlington. So, it is focusing on the southern end of South Road for the pre-October 2009 announcements. The various subsequent ministerial press releases talk about the pre-October 2009 commitment being to fund the construction of South Road flyovers at the major bottlenecks of Grand Junction Road, Cormack Road and the Wingfield railway line and Sturt Road. Those commitments are repeated in the February 2009 press release—this is from Minister Albanese—and again in the 29 July 2009 joint press release with state minister Patrick Conlon. Where do those commitments for grade separations and flyovers at those bottlenecks—made, committed to and repeated pre-October 2009—fit in with what you have just said?

Ms McNally—They fit in terms of the overall \$500 million commitment and the government will make announcements when various pieces of work commence. So, for example, in July a piece of work commenced, the Darlington study actually commenced, so they will outline some of the things that the study will be looking at. There is clearly some work around South Road and between Port River Expressway and Grand Junction which the South Australian government has identified in November 2008 as being a high priority. They have identified issues around traffic delays, issues around the intersection of Grand Junction Road with South Road and they are looking at, through these pieces of work, how to actually address those sorts of issues.

So basically there is a whole package of works for \$500 million, of which \$70 million will be used through the course of the expenditure of the \$500 million to look at six planning studies based on priorities determined by the South Australian government. Then there is another \$430 million out of the \$500 million that has been allocated for construction. So once the studies are complete and they determine what the requirements are for each of the intersections and grade separations they will have funding to actually undertake construction—from both the South Australian government and the Australian Government.

Senator FISHER—So \$70 million for a study.

Ms McNally—Six studies.

Senator FISHER—Six studies. Now, how does this \$70 million sit alongside the \$40 million that you told me about for—

Ms McNally—Of the \$70 million, \$8.9 million has been paid out or allocated in 2009-10 for the studies.

Senator FISHER—Yes, keep going.

Ms McNally—So that leaves around another \$61 million to be paid out for studies over the course of the next five to six years—five years until 2013-14.

Senator FISHER—Okay. Who is undertaking those studies and what consultation is involved?

Ms McNally—I have not got specifically who it is. Basically they will be contracts that are let by the South Australian government but I can take that on notice.

Senator FISHER—Can you, please.

Ms McNally—They are certainly required to undertake consultation, particularly as part of their environmental assessment work.

Senator FISHER—Can you provide some detail on notice around the consultations as well?

Ms McNally—I am happy to do that, Senator.

Senator FISHER—That would be appreciated. I think I am getting to the end here. How much will the October 2009 announced superway project cost in total?

Ms McNally—Basically until we have got the study fully completed it is hard to determine that, but we are looking at this point in time around about \$800 million.

Senator FISHER—The media reported about \$812 million.

Ms McNally—That is about right, Senator.

Senator FISHER—So, of that, what is the cost estimate for the pre-October 2009 announced total cost, pre- October 2009 announced grade separations?

Ms McNally—I would have to take that on notice. I do not have that information with me. I have only got the current information. Basically it would not be a lot different.

Senator FISHER—You see, it begs the question: what about the Sturt Road grade separation alone? The state government suggested in 2006 that would cost about \$140 million; is that right?

Ms McNally—I have not got that information with me.

Senator FISHER—Can you answer that on notice, please?

Ms McNally—Yes, sure.

Senator FISHER—What I am trying to get at is to work out that of the \$500 million supposedly announced for South Road in October 2009, how much of it is to be dedicated towards the \$500 million announced by the federal government for grade separations on South Road in at least three successive announcements and repeated announcements prior to October 2009? Is it two lots of \$500 million, or is it the same \$500 million reannounced a fourth time?

Ms McNally—It is the same \$500 million. As I was explaining earlier, when the government commits such a large amount of money to a road they will make announcements as various milestones are met. So if there is an announcement about a study being undertaken they will refer to the whole amount for the project.

Senator Conroy—We make announcements when we think it is suitable, not to your timetable.

Senator FISHER—So, speaking of timetable, when will the grade separation bits of the project start?

Ms McNally—Until the planning is completed I cannot answer that definitively, but I would be happy to look into that and take that on notice.

Senator FISHER—Thank you, and likewise when will they be completed.

Ms McNally—Yes, Senator.

Senator FISHER—How much money then is available for the grade separations as announced in September 2008, February 2009 and July 2009? How much money is left out of \$500 million from the federal government's contribution to fund those grade separations, where will the grade separations be, how much will each one cost and from where will those bits and pieces of the \$500 million come?

Ms McNally—So you are just really trying to understand how the \$500 million has been spread across the package of works?

Senator FISHER—It may well be that that is what I am struggling to understand, but if you can answer those questions on notice, thank you, plus say whatever you want to say now.

Ms McNally—The \$500 million is to cover all of those pieces of work. So, the \$500 million that the Australian government is committing, and the \$430 million that the South Australian government is committing, those two amounts together are to cover all of the works that are planned on South Road. In terms of the actual amounts for, say, a particular grade separation, the amount of money is not often that specific; it is often a larger amount for the actual range of works happening in a particular area. But I will do my best to take on notice the components within that. As I said earlier, until the detailed planning is completed, which also confirms final costings because it depends at various interchanges on what sort of treatment they put in place, some of that information may not be available just yet.

Senator FISHER—Indeed, based on what you have said, there may be no money left for the grade separation at Sturt Road, for example.

Ms McNally—Well, no, because that is actually included in the overall commitment.

Senator FISHER—But it is all subject to the planning study, you say.

Ms McNally—The planning study will include that particular intersection and that grade separation.

Senator FISHER—Thank you for answering.

CHAIR—Thank you, Senator Fisher. While we are talking about South Australia, could you give us an update on the Northern Expressway? I was in your lovely state the day before yesterday.

Senator FISHER—I was in yours.

CHAIR—I know.

Ms McNally—The construction on the Northern Expressway is progressing ahead of schedule. There have been a number of significant milestones achieved. The Australian government has provided \$451.2 million for this project and the South Australian government has provided \$112 million, giving a total of around \$564 million. The Angle Vale bridge was opened to traffic on 28 July 2009. The Curtis Road bridge opened to traffic on 2 October 2009. The works at Port Wakefield Road are well advanced. Centre piers have been poured and some beams placed. There is about 500 cubic metres of concrete used in each pier. These were some of the largest single vertical concrete pours that have actually occurred in South Australia. There is about 3.2 billion cubic metres of earthworks that have been completed and around 300,000 cubic metres of earthworks that are still to be completed. So a large majority of the earthworks have actually been done. Some 142 tonnes of asphalt have already been laid, which is over a third of the total asphalt required. Much of the landscaping works have been completed. The bridges at Penfield Road and Heaslip Road and the underpass at Two Wells Road are expected to be opened at the end of this year, with the whole project to be complete later in 2010, which is actually about three months ahead of schedule.

CHAIR—Three months?

Ms McNally—Yes, three months.

CHAIR—Very good. While we are talking about the Northern Expressway, are there any specific youth employment schemes attached to this project?

Ms McNeill—DTEI has included a target of 10 per cent of employment for young and Indigenous people on the contract and the contract—

Senator ABETZ—There you go!

CHAIR—Sorry, but I could not hear because everyone is so excited. I am excited to hear about it too. Could you start again please, Ms McNeill? I missed that.

Ms McNeill—The South Australian government has included a target of 10 per cent employment for young and Indigenous people on this contract, and the contractors are exceeding the target every month. In order to meet the target that has been set, the contractors and the subcontractors have worked with a number of agencies and employment brokers, particularly in the early stages of the project. They are utilising the services of the Yaran Business Services, which is a business-run forum by a local Aboriginal community, and are working with the Kurna Heritage Board for the provision of Aboriginal monitors for the next new project. In particular, they have established a mentoring role for an Aboriginal staff member to work with other Aboriginal staff on NECSI. This development and leadership opportunity is being used to measure and ensure that the Aboriginal staff have a specified support person and contact. It is a pilot program for the contractor which, if successful, will be rolled out to all these sites across Australia.

CHAIR—That is music to my ears. Thank you very much.

Senator ABETZ—Can I commend Ms McNeill for being so well briefed on that question?

CHAIR—You can commend Ms McNeill.

Senator ABETZ—It is a great compliment to the department. Of this particular project, Ms McNeill, which federal representatives from South Australia will be invited to the opening that you refer to?

CHAIR—You do not have to answer that question.

Senator ABETZ—Sorry, but it is a serious question.

CHAIR—You are serious; I am sorry.

Senator ABETZ—Yes. Which federal representatives from South Australia—take the tip, I am not in the market—might be invited?

Ms McNeill—No, we do not.

Senator Conroy—I am sure that level of preparation has not been engaged in yet.

Senator ABETZ—All right, but if you could let us know. When is the opening anticipated for?

Ms McNeill—It is expected in December 2009.

Senator ABETZ—Could you take it on notice so that we can have it in anticipation for next time who was invited from the South Australian federal representatives?

Ms McNeill—Sorry, but I should clarify that, Senator. That was just for two bridges. The main project in total will not be opened until late next year.

Senator ABETZ—But I am sure there will be three separate openings with three separate photo opportunities. So if you can tell us about all three, Ms McNeill. Thank you very much for that. I would like to know about all three.

Senator ADAMS—I am just interested in the Indigenous employment associated with the contract. When that contract finishes, are there any plans to continue with those Indigenous people? Are they going to end up with some sort of an apprenticeship or job opportunities once it has finished?

Ms McNally—They will effectively be engaged by the particular firm and the firm will be able to relocate them to other projects, which is quite common in the infrastructure industry. There are a number of projects currently being built where Indigenous people are being employed and trained, and part of that is to then engage them with the firm and to enable them to work on a range of other projects.

Senator ADAMS—With the tender or the contract that is let, that is obviously part of it. Do you evaluate the situation as to how many have continued on and how many have stayed with the project or moved on or just where it is all at?

Ms McNally—No, Senator. We do not tend to evaluate employment outcomes. There are a range of different sorts of employment outcomes on projects. They could be young people or local people. I know in a number of projects for example in Queensland there have been a

number of local people employed on projects. We do not specifically evaluate all of the employment outcomes. We tend to focus on whether the road has been built and it meets the original scope and that sort of thing.

Senator ADAMS—It is a really good project and I am very interested, because I am on another committee that is involved with Indigenous communities and that is the reason I am asking the question. Who would evaluate whether these people have been successful or they need more help or what government policy could be utilised to perhaps extend their occupations?

Ms McNally—It is certainly something we could look into, Senator.

Senator ADAMS—Thank you.

Senator ABETZ—What youth programs are attached to the Brighton bypass project?

Senator Conroy—Just while the officer is looking for that, can I just clarify, Senator Adams, that you are not looking to be invited to the opening of these roads. You voted against them, but you have got a bit of shame, don't you, because Senator Abetz and others were seeking invitations to things they voted against but I was sure you would not be?

Senator ADAMS—No, Minister, I do not think that was right at all. I certainly went to the opening of the Forrest Highway because that was something that the Liberals were very involved with and really pushed the state government—

Senator Conroy—These projects you are asking about now though, you are not going to be looking for an invitation, because you voted against it?

Senator ADAMS—I am asking specifically—

Senator Conroy—You have got more shame than Senator Abetz surely.

Senator ABETZ—Chair, can we get on with it. If the minister wants a role reversal back into opposition, we would be happy to oblige him.

Senator Conroy—Most people have got more shame than Senator Abetz, but I know you have got a lot more shame.

Senator ABETZ—We are happy to oblige him with a role reversal.

Senator Conroy—The fact that Senator Adams has some shame compared to you is something for her to be proud of, Senator Abetz.

Senator ABETZ—There is a question hanging in the air.

Ms McNally—The state government is working closely with the local Aboriginal people. They are meeting with Aboriginal councils. There are Aboriginal heritage officers actually engaged and working on that particular project. They are particularly working with the project team on approvals that are required for the particular project. I would be happy to get more information on specific—

Senator ABETZ—Youth projects was the question. It is just a pity you are not as well briefed about youth projects for the Brighton bypass as you were from the one from Senator Sterle. But I can understand that you cannot have all of the information at your fingertips at any one time, but it is just interesting which ones you do seem to have.

Senator Conroy—Senator Abetz, would you please stop visiting that issue because I will not be able to control myself for much longer if you keep inviting me to point out your preparation before estimates and Senate hearings.

Senator ABETZ—My preparation is always meticulous; you know that.

Senator Conroy—Your own colleagues cannot keep a straight face while you said that.

CHAIR—Senator Adams, do you have a question?

Senator ADAMS—I do have a question regarding the Chester Pass Road which is in the great southern area of Western Australia. It carries at the moment 15 per cent of our grain to Albany, but it will be increasing. Has any funding been applied for?

Ms McNally—What was the name of the road, Senator? I missed it.

Senator ADAMS—Chester Pass Road.

Ms McNally—I do not think I have got information on that one with me. I will have to take that on notice, Senator.

Senator ADAMS—All right, if you could, because it is a road that is going to create a lot of problems. I have a question about rail and the WA grain freight rail network. Do we have anyone who can answer a question on that?

Ms McNally—Yes, we can answer that. Currently there is work being undertaken on that to work through a detailed business case. There has been a committee established by the WA government to oversee that work. We are expecting something to be completed by the end of this year, so we are expecting a detailed business case to look at the various economic issues by the end of the year.

Senator ADAMS—Does the Commonwealth commitment of \$135 million for this project still stand?

Ms McNally—Yes, it is still part of the commitment.

Senator ADAMS—That is still part of the commitment?

Ms McNally—Yes, Senator.

Senator ADAMS—In terms of this funding, is it included in the forward budget figures? Where do I find that?

Ms McNally—It is in the commitment through to the end of the program which is 2013-14.

Senator ADAMS—Thank you very much.

Senator NASH—I refer to the Barton Highway at Murrumbateman and the duplication which seems to have been going on forever. Could you give the committee a bit of background on the issues around it and where it is up to at the moment?

Senator Conroy—Well, we voted for it in parliament and I do not think you did.

Senator NASH—Oh, Minister!

Senator Conroy—Well, that is an important issue. That is the beginning of it.

Ms McNally—There has been no package of safety upgrades.

Senator ABETZ—The raising of debt was the beginning of it, if we want to get right back to the basics.

Mr Foulds—With regard to the Barton Highway planning for the duplication, a display of the duplication corridor for environmental investigation was held a year ago. The corridor boundaries for the duplication are expected to be finalised late this year and that project is being managed, as you would be aware, by the RTA.

Senator NASH—Do we have any kind of time line on it?

Ms McNally—In addition to that, there is actually \$36 million to do some upgrades and safety works on the Barton Highway. Some work around that started in June. Basically they are looking particularly at a realignment of the Barton Highway at Capricorn Corner, and they are looking at raising a number of sections of the highway to be consistent with that. A whole range of safety work packages are occurring as well. Planning and some preconstruction works have started on some of those packages. In the interim, whilst the overall issues around the duplication are looked at, there has been some money put aside for actual safety upgrades.

Senator NASH—I do not know well enough where the potential route is. Will Capricorn Corner be part of the eventual road, or is that \$36 million that will be bypassed at some stage?

Ms McNally—I am not aware that that is going to be bypassed at some stage, Senator.

Senator NASH—I am just making sure that the \$36 million was going to be part of the initial route. So there is no time frame at all? Any kind of ballpark figure?

Ms McNally—No, Senator.

Senator NASH—So at the moment it is with the RTA?

Ms McNally—At the moment it is just the \$36 million towards the safety upgrades. The detailed planning for a duplication is with the RTA.

Senator NASH—So it is fully a state government decision as to when it actually happens?

Ms McNally—It would be a state government decision about when it is ready to do those works.

Senator NASH—From the federal perspective it is just about the commitment of funding that is going towards it?

Ms McNally—If the government decides it wants to contribute to that, that will be a matter for the government at that time I guess.

Senator NASH—But it is on your books because of?

Ms McNally—Well, we are doing the rehabilitation and safety works.

Senator NASH—Why does that fall to the federal government? Because it is that particular designated road; it is a federal government—

Ms McNally—The government funds some off-network and on-network things. There are a number of projects that are off network. I think they are decisions that are made depending

on various priorities. This was work that was decided on by this government based on information that was available about what was needed immediately.

Senator NASH—Would you mind taking on notice for the committee a detailed breakdown of the \$36 million and where it is going with respect to the road?

Ms McNally—Sure.

Senator NASH—Thank you very much.

CHAIR—If there are no further questions of nation building and infrastructure investment, I thank the officers.

Mr Mrdak—Chair, if I may correct an answer I gave earlier to Senator Williams. In an answer on the Pacific Highway I indicated the government's target of 85 per cent duplication Melbourne to Brisbane. I gave you an incorrect date. That target is 85 per cent duplication Melbourne-Brisbane by 2014, which is the current Nation Building Program. The government retains its objective of full duplication by 2016.

CHAIR—Thank you, Mr Mrdak.

[2.55 pm]

CHAIR—We now move to infrastructure and surface transport policy.

Senator ABETZ—Who can assist me with the Tasmanian Freight Equalisation Scheme? Can you find it on the website?

Ms Riggs—We are happy to assist, Senator.

Senator ABETZ—I understand there is currently a review underway and there was a draft report—and correct my terminology—to which stakeholders can respond up until 1 November this year; is that correct?

Ms Riggs—You will recall the last time we were here, Senator, that you asked some questions about some consultations that had occurred in February. They were based on a report that had been prepared by the department. Since that time, the department has drafted ministerial directions for the minister's consideration. Following his agreement, those draft ministerial directions are now the subject of a further round of consultation.

Senator ABETZ—So where I said 'draft report' I should be saying 'draft ministerial directions'?

Ms Riggs—That is right, Senator.

Senator ABETZ—Thank you for that correction. And stakeholders can respond to those draft ministerial directions by 1 November?

Ms Riggs—That is correct, yes.

Senator ABETZ—With a view for any new regime to commence as of 1 January 2010 or possibly 1 February 2010?

Ms Riggs—Senator, what we have said to the stakeholders whom we have met with face to face—and we did that with a small number of them on 7 October in Launceston—was that the department's original hope had been a changeover from one set of directions to another on 1

January. In view of the time that was taken and the need for them to have opportunity to provide input, for the department properly to assess that input and then for the minister to respond to that, we are now anticipating a changeover date somewhere in the first quarter of 2010.

Senator ABETZ—That is fine. When do you think you will be able to determine a date? Will you need another month or two for that?

Ms Riggs—Senator, I would like to be able to consider the submissions we received from stakeholders.

Senator ABETZ—Of course.

Ms Riggs—If they indicate there are matters that we ought to be reconsidering, and our judgment about that is that they are relatively simple and the minister concurs with that judgment, then I would hope during November we could advise of a changeover date. If they are more complex, it might take us a little longer to be settled about that.

Senator ABETZ—Fair enough. When the minister first announced this review there was no reference in his release or public commentary about the need for the registration of claim agents, if I can use that term. The term ‘claim agent’ is known to you?

Ms Riggs—Yes, Senator.

Senator ABETZ—So you know what I am talking about?

Ms Riggs—I know the term you are talking about, Senator; you will forgive me if I was not involved at the time the minister made his first announcement. I am not so familiar with the detail of that first announcement.

Senator ABETZ—All right. Is there anybody who is familiar with that announcement who is with us?

Ms Riggs—Not who has had continuity in relation to this matter, Senator.

Senator ABETZ—Let us not worry about continuity. Who knows about the minister’s initial announcement?

Ms Riggs—Senator, perhaps it would be helpful if you let me know where the questions go beyond that and then we can make a judgment about who can appropriately represent us.

Senator ABETZ—As I understand it, there was no mention about the issue of claim agents being an issue for the review.

Ms Riggs—Senator, my recollection having read it once or twice is that you may be right. That term is not used in it. I think it refers to the fact that the government had decided to maintain the scheme with its current level of assistance but to embark on a process which would lead to some strengthening and revision of the administrative arrangements around the scheme with a view to ensuring that the funds went to those who were entitled to receive them and that the processes by which that happened were open, accountable and transparent. Now, I may not have used exactly the right language, but I am quite confident that that was the intent or portent of the announcement.

Senator ABETZ—About 25 per cent of this draft ministerial direction now deals with claim agents, does it not, in rough terms?

Ms Riggs—Senator, I have not added up the paragraphs or pages or whatever it is that you are referring to. Certainly, the notion that what is now defined as a claims agent has required some specificity in the new direction—the proposed or draft direction.

Senator ABETZ—You have seen the draft, Ms Riggs. It is not a trick question as to whether it is 25 per cent. It takes up a substantial amount of the draft ministerial direction. You would agree with that proposition?

Ms Riggs—I would agree that it is defined appropriately.

Senator ABETZ—How long is the draft ministerial direction? You have it in front of you.

Ms Riggs—No, I do not have it in front of me, Senator. So I will take some advice about that during this discussion.

Senator ABETZ—All right. Thank you. Then if you could tell us, out of the totality of pages, how many pages are devoted to the claims agent issue.

Ms Riggs—I will endeavour to do that, Senator.

Senator ABETZ—Thank you. I understand that the Productivity Commission reviewed the Tasmanian Freight Equalisation Scheme. Can you recall for me, Ms Riggs, when that was?

Ms Riggs—I believe that it was in 2006.

Senator ABETZ—2006. And claim agents were around at that time?

Ms Riggs—There were some organisations that were operating as agents at that time. The directions applying at that time did not define the term ‘claims agent’.

Senator ABETZ—Yes, that is a fair comment. But the Productivity Commission saw no need to review the way that what we now agree are claim agents operated?

Ms Riggs—Senator, my understanding is that the Productivity Commission was clear about the fact that some changes to ensure that the beneficiaries of the scheme were indeed those that the government intended to benefit by the scheme ought to be considered by the government with a view to being quite clear about how those arrangements operated.

Senator ABETZ—Yes, but there was no criticism in the Productivity Commission report or any suggestions that there be some registration or regulation of claim agents?

Ms Riggs—Senator, I believe the report did indeed draw attention to the fact that the scheme may be operating in such a way that direct visibility of the ways in which the assistance under the scheme flowed was not necessarily sufficiently robust for the government to have confidence that the funding was directly benefiting those that it had been intended to benefit.

Senator ABETZ—So, if you wanted direct visibility, would you not just put on the claim form the actual beneficiary of the funds?

Ms Riggs—That would be an option, Senator, but in the broader scheme of things there are many other ways in which a system around processing claims can operate. So while that may

well be the case, there is then an issue about, if someone or some organisation other than the named beneficiary is making the claim on the beneficiary's behalf, their authority to so make that claim and that is a legitimate matter for the ministerial directions to deal with.

Senator ABETZ—But if you wanted visibility, all you would do is require the claimant to certify on whose behalf they were signing the document, on whose behalf they were claiming. In the event that they were falsely stating on the document, I would have thought there would be certain criminal penalties that would apply without the need for this whole new structure.

Ms Riggs—Senator, there are a couple of other elements that in fact we seek to assure ourselves of, firstly, that an organisation claiming on behalf of a third party beneficiary has that third party beneficiary's authority to so make a claim.

Senator ABETZ—Yes, but there are huge criminal consequences if you falsely claim that you have authority, are there not?

Ms Riggs—Not specifically in relation to this scheme, Senator, because this scheme does not have a legislative basis.

Senator ABETZ—So if I defraud the freight equalisation scheme, there will be no criminal consequences?

Senator Conroy—We will be sending someone after you straightaway.

Senator ABETZ—There will be no criminal consequence?

Senator Conroy—Is that a confession?

Senator ABETZ—Because the Tasmanian Freight Equalisation Scheme does not have any criminal penalties in it? I do not think that is quite rigorous, is it, Ms Riggs?

Ms Riggs—Senator, neither is it rigorous for us as officials not to seek to ensure that, in advance of claims being made, we understand the bona fides of the companies that the claims are made on behalf of and of the companies that might operate as intermediaries on behalf of those. I think it is entirely appropriate that we have those measures in place and that is the purpose of the registration of both what we are now titling claims agents and also the purpose of registering potential claimants under the scheme.

Senator ABETZ—But you see—

Ms Riggs—So that we can assess—check—that they are in fact companies and we have the proper Australian business number and matters associated with it.

Senator ABETZ—Have there been cases of fraud against the Tasmanian Freight Equalisation Scheme that have been prosecuted?

Ms Riggs—There have been matters brought to the attention of the department that have been investigated, Senator.

Senator ABETZ—Any that have been prosecuted was the question.

Ms Riggs—Not to my knowledge, Senator.

Senator ABETZ—Right. So there has been no allocation of fraud that has actually even gone to the prosecution stage. Can I ask how many invoices are currently awaiting assessment?

Ms Riggs—Senator, I am sorry, I do not have—

Senator ABETZ—If you could take that on notice, please.

Ms Riggs—I will.

Senator ABETZ—What is the delay factor in processing invoices against the scheme?

Ms Riggs—Senator, I understand that many invoices are taking several weeks to process at this stage.

Senator ABETZ—And does several weeks include 10 weeks?

Ms Riggs—Several is a number bigger than two or three, I guess, Senator.

Senator ABETZ—All right. If we cannot get any greater specificity than that, and you are making work for yourself, can you take on notice how many invoices are currently awaiting assessment, how many of those have been awaiting assessment for seven days, 14 days, 21 days, 28 days, 35 days, 42 days, 49 days, 56 days—and I will get my maths right—63 days, 70 days and in excess of 70 days, please.

Ms Riggs—Senator, I will seek to discover whether those numbers are easy to extract from the system that Centrelink runs on our behalf. I will, however, indicate to you that the most recent number that I have with me in terms of claims on hand is that, as at the end of September, there were 1,655 claims on hand.

Senator ABETZ—Thank you for that. Would you agree with me that the regulations and complexities surrounding the Tasmanian Freight Equalisation Scheme have grown over the years?

Ms Riggs—Senator, I have not been familiar with it in the past. It is a scheme that has a lot of detail in the way in which it is constructed.

Senator ABETZ—And therefore it makes good sense, does it not, for a small business to use the services of a claims agent so that a small businessperson, who is anxious to run their business, does not have to get their head around the total complexity and all the ins and outs and intricacies of the Tasmanian Freight Equalisation Scheme? That is a pretty non-controversial proposition, is it not, Ms Riggs?

Ms Riggs—Senator, I have never been a small businessperson so I am not in a position to make the judgment that you are asking me to make.

Senator ABETZ—Right. How many pages of regulations and rules make up the Tasmanian Freight Equalisation Scheme? Let us go back to basics.

Ms Riggs—Senator, there are no regulations. I have already indicated that it is not a scheme with a legislative base and I have already indicated that I have asked if I can be given the number of pages there are in the proposed ministerial directions. So when we come to that, that will be our basis for the answer to your—

Senator ABETZ—But the current rules that apply for current claimants?

Ms Riggs—Again, I do not have a copy of the current ministerial directions with me, which is the document that would most closely resemble, if you like, the regulations of the scheme, were they to exist.

Senator ABETZ—All right. I was wrong in referring to rules and regulations; you are quite right. Mr Mrdak, in terms of the current existing ministerial direction, do you know how many pages there are?

Mr Mrdak—No I do not, I am sorry. But we will—

Senator ABETZ—Does anybody in the room know? We are administering a fairly substantial scheme here and nobody knows how many pages?

Mr Mrdak—We will endeavour to find out as quickly as possible.

Senator ABETZ—So, about that thick?

Ms Riggs—I cannot speak about the current ministerial directions but, to give you an indication in respect of your previous question on the draft directions about which we are currently consulting, the body of the directions is 31 pages and the attached schedules are a further 11 pages, so that is a total of 42 pages. You also asked about the matters specific to the definition and associated claims agent section?

Senator ABETZ—Yes.

Ms Riggs—That is 2½ pages of the 42 pages. Of course, there are other consequential references elsewhere in the document.

Senator ABETZ—So we might have to assess those consequential references as well. We have 42 pages; who drafted those, do you know? The Office of Parliamentary Counsel?

Ms Riggs—They were drafted by people in the department, including from our legal team.

Senator ABETZ—Right, from the legal team. So it would be fair enough to describe it as a legal document?

Ms Riggs—It certainly—

Senator ABETZ—Employing legal-type language and legal frameworks?

Ms Riggs—I believe that is appropriate.

Senator ABETZ—I suppose it is a point for argument that it is not unreasonable for a small businessman confronted with 42 pages of intricate claim applications et cetera to seek the advice of a professional who deals with the documents on a daily basis. I understand that under the draft—I will not say regulations again—ministerial direction, the secretary—and would that be you, Mr Mrdak?—would have the power to revoke at any time the licence of a claims agent; is that correct?

Mr Mrdak—I understand that is correct.

Ms Riggs—It is.

Senator ABETZ—And does it specify the circumstances in which you would be able to exercise that power, Mr Mrdak?

Ms Riggs—The paragraph immediately below the one that says, in effect, that the secretary may at any time revoke the registration of a claims agent goes on to describe the matters that would give rise to consideration in that case: failure to complete claims appropriately, failure to keep appropriate records, including records in relation to the people

they acted on behalf of, the beneficiaries, the sums of money that were claimed and that were paid and so on.

Senator ABETZ—How is that clause introduced? Does it say ‘without limiting the generality of the aforementioned clause’ or words to that effect? Sure, there are certain specific reasons that the secretary may direct his attention to, but at the end of the day there is an unfettered discretion in the secretary to revoke the licence.

Ms Riggs—I do not have it in front of me, as we have already discussed, but I would agree with you that the initial presentation of that section, on my recollection, is that it provides both an unfettered power for the secretary and also the matters for consideration such as I have described to you in my immediate past answer.

Senator ABETZ—That may be considered, but at the end of the day it is an unfettered discretion.

Ms Riggs—It is indeed.

Senator ABETZ—There is no minister at the table. Can I make just a gratuitous suggestion to the minister that will be on the record—that he ask his colleague, Mr Albanese, to look very carefully at the generality of such a clause? That can have very serious consequences for business certainty and the capacity for claims agents to raise money and have business certainty if they live by the simple good grace of the secretary, who can at any time revoke these licences. The committee has been very generous, thank you.

Mr Mrdak—We have certainly noted your concerns.

Senator ABETZ—Thank you.

Mr Mrdak—I hear what you are saying.

Senator O’BRIEN—I was going to ask a couple of questions about this same matter. I just wanted to be clear, in terms of the draft ministerial direction, about what rights a claims agent would have to continue to trade and potentially contest a decision by the secretary as to their registration?

Ms Riggs—Senator, my recollection of the draft, which I have been unwise enough not to bring with me, is that there is provision in there for appeals of decisions to be made, first of all within the department and then through processes that would end up with the Ombudsman or so on. The decisions are appealable.

Senator O’BRIEN—So someone can make an overriding decision? Is that how the appeal system would work?

Ms Riggs—Senator, I think it would be better if I answered your question on notice. I am comfortable that there are appeal provisions built into the new ministerial directions.

Senator O’BRIEN—I have explained where I am coming from. There is a fear that somehow, somewhere, sometime down the tack—and I do not oppose the concept of registration at all—there may be a capricious decision. Businesses I think can reasonably expect that the directions would not allow such a decision to virtually wipe a business out of existence without proper process and rights.

Mr Mrdak—I could not imagine a situation where such a decision would be taken without proper process and due rights—

Senator O'BRIEN—I expect you would say that, and I would not expect it, either, but businesses are entitled to—

Mr Mrdak—I understand that.

Senator O'BRIEN—look at these things. They are also able to make judgements, and have fears that we do not have.

Senator ABETZ—There was the case of the Pelaco shirt company, that was taken on by Customs or somebody and they finally went bankrupt. When it all went through court it was found that some capricious decisions had been taken, but it was all too late for the business. A secretary acting genuinely, although on advice from a lower bureaucrat, potentially can make decisions that have very serious consequences on a business. I am sure that with Ms Riggs and Mr Mrdak on board that would not happen, but we never know what might happen in the future.

Ms Riggs—We will respond on what the appeal rights are. There are usually general administrative appeal rights that operate, but we will come back specifically—

Senator O'BRIEN—And these are drafts.

Ms Riggs—saying what appeal rights there would be and how that would be managed.

Senator ABETZ—That is fair.

Senator O'BRIEN—Thank you for that.

Senator BUSHBY—I have some questions on the importation of vehicles. I am told this is the right place to ask those questions. As I understand it, there are a number of methods under which a private individual may import a private motor vehicle for personal use—I am not talking about trailers, buses, trucks et cetera—into Australia, and they are primarily if the vehicle was manufactured before 1 January 1989. They are personal imports under the Specialist and Enthusiast Vehicle Scheme through a registered automotive workshop. Are there any other avenues in which a private individual could import a private motor vehicle?

Mr Hogan—There is quite a range of avenues for importation of vehicles into Australia. The principal ones in relation to—

Senator BUSHBY—A used private motor vehicle?

Mr Hogan—A used private motor vehicle? Sorry.

Senator BUSHBY—It is just a limited discussion.

Mr Hogan—I think you have rightly identified pre-1989 vehicles and vehicles under the Specialist and Enthusiast Vehicle Scheme which are processed through the Registered Automotive Workshop Scheme.

Senator BUSHBY—Yes—and personal imports?

Mr Hogan—And personal imports.

Senator BUSHBY—Was there a major change made in 2003 to introduce the RAWS process to stop the 15-year roll-in under which you could import an older car? That was 2003?

Mr Hogan—That is correct.

Senator BUSHBY—Are you able to provide me with information showing how many vehicles have been imported by each of those three methods since 2003?

Mr Hogan—I would have to take that on notice.

Senator BUSHBY—I am happy with that. In doing so, could you also let me know what vehicle models were issued with plates in respect of each of those methods?

Mr Hogan—Yes, I can.

Senator BUSHBY—Not for every car but for each particular type of car.

Mr Mrdak—That may well be a large category of vehicles. We would have to check how extensive that would be. We will make every effort.

Senator BUSHBY—I would imagine that even if you looked at every type of vehicle that was made in the world it would still only be in the hundreds and not all of them would be imported into Australia. So it is not going to be an extensive list.

Mr Mrdak—It may still require a significant use of resources. We will come back to you as to how extensive that is.

Senator BUSHBY—Thank you.

Mr Hogan—Can I just add one to the list of ways you might import a used vehicle. The other way is through the letter of compliance scheme. That is if a letter of compliance can be provided by the vehicle manufacturer to certify that the vehicle met relevant Australian design rules at the time of manufacture.

Senator BUSHBY—That would be mainly used by companies to bring in cars for evaluation, would it, or is it more widely used than that?

Mr Hogan—No, it is generally used by private individuals.

Senator BUSHBY—Can I have the information on that as well then?

Mr Hogan—Yes, certainly.

Senator BUSHBY—What are the policy considerations behind the decision—and I am happy for you to take this on notice, because I think it will probably take longer to answer than the time I have—to restrict the importation of used private vehicles into Australia? In answering that question, I acknowledge the need to maintain safety aspects of vehicles, but I am more interested in the policy considerations that restrict the importation of cars that do, or could with appropriate modifications, meet appropriate ADRs but still could not be imported. So I am interested in what keeps those cars out other than safety considerations. I am happy for that to be taken on notice.

Mr Hogan—I will take that on notice.

Senator BUSHBY—In terms of cars that are imported that were made prior to 1 January 1989, what safety considerations are they required to meet when they come into the country?

Mr Hogan—As well as meeting federal legislation, they are subject to state registration requirements.

Senator BUSHBY—In terms of federal legislation, what requirements do they need to meet? I am not sure of the answer to this. Is it the ADRs that applied as at the date of manufacture of that car? What standards are they required to meet?

Mr Hogan—No, they are just pre-1989 vehicles.

Senator BUSHBY—So, if they do not have side intrusion bars, they do not have to have them fitted?

Mr Hogan—That is right.

Senator BUSHBY—In terms of a car imported through the RAW process, what safety modifications are required to be made to the special enthusiast vehicle?

Mr Hogan—They must meet applicable Australian design rules.

Senator BUSHBY—When providing me with the policy, can you also advise me why there are higher safety requirements for a post-1989 car that comes in as a specialist enthusiast vehicle than for cars that were made prior to 1989?

Mr Hogan—Yes, I can.

Senator BUSHBY—That will do me for the moment. I will probably talk to you again at the next estimates on the basis of what you come back with. Thank you.

Senator WILLIAMS—COAG has agreed to establish a single national heavy vehicle regulator by 2013. Can you inform me what stage that is at?

Mr Mrdak—Work is now progressing with all of the jurisdictions, led by Ms Riggs. That work is now taking place. The Australian Transport Council, which is the ministerial council, will meet on 6 November to consider the next steps in relation to the establishment of the heavy vehicle regulator. Ministers will consider some key decisions at that meeting including the location and the jurisdiction legislative requirements which would underpin the regulator. Jurisdictions have now settled on an approach which involves using a form of template type legislation. Which jurisdiction hosts that and how it operates are the key decisions ministers will be asked to take, or at least to consider, in November. So work has been progressing quite well. In November ministers will then consider where that is at.

Senator WILLIAMS—So this federal body will control things like gross weights and axle weights, and they will be uniform right throughout Australia.

Mr Mrdak—That is right. It will not be a federal body; it will be a national body. The intention is that it will be hosted in a particular jurisdiction which will establish the legal framework for it. Other jurisdictions will essentially set up legislation which will allow that to happen. This body would then set national standards across all of the regulatory provisions for heavy vehicles.

Senator WILLIAMS—I suppose you could not tell me whether it would lead to productivity gains, could you? I suppose it depends on what agreement the state governments come to.

Mr Mrdak—Certainly one of the underpinnings for COAG is that it does lead to productivity improvements by removing the current multiple jurisdiction approaches, which obviously involve costs for industry—

Senator WILLIAMS—There are huge costs.

Mr Mrdak—particularly in the way existing regulations are enforced and to get some consistency on issues such as access and enforcement, which are obviously major issues for the heavy vehicle industry. The clear view of governments is to try to drive towards higher productivity through removing a lot of those regulatory hurdles.

Senator WILLIAMS—An example is that livestock trucks come down from Queensland into northern New South Wales and when they get to the border they often have to unhook trailers and unload because of volume loading. B-triples are allowed in Queensland but not allowed in New South Wales. Are you confident that this will bring those sorts of complications to a stop? In other words, we will have the one lot of conditions? The point I am making is this: you are allowed to have B-triples in Queensland but you are not allowed to use them in New South Wales. So I hope the situation does not eventuate where you can only have B-doubles in northern New South Wales and hence in Queensland. I hope they do not bring the scale down, especially for those regional areas where there is low traffic but big movement of livestock, grains et cetera.

Mr Mrdak—Certainly jurisdictions like Queensland and others that are able to have a much greater use of high-productivity vehicles have been very conscious of not wishing to see the new regulatory regime diminish that ability and that they can continue to have access.

Senator WILLIAMS—Exactly.

Mr Mrdak—At the end of the day, though, some of those decisions around being able to operate high-productivity vehicles will still rest on access. It will still be very dependent on the state governments involved as to whether they will allow those high-productivity vehicles on certain categories of roads. As you know, we have worked pretty heavily over many years with states to allow greater access for high-productivity vehicles. I could not give you a 100 per cent guarantee that the national regulator will increase access. That will continue to be an issue for the road authorities in each of the jurisdictions.

Senator WILLIAMS—So what you are saying is that we may still see at the conclusion of this in 2013 that a B-triple at Goondiwindi is not allowed to come across the river into New South Wales?

Mr Mrdak—We will see greater consistency in regulation and enforcement, but we may still have some access issues in relation to a number of routes because of the approach taken by the road authorities in those jurisdictions.

CHAIR—There being no further questions, I now call the Australian Maritime Safety Authority.

[3.30 pm]

Australian Maritime Safety Authority

CHAIR—I welcome officers from AMSA. We will go straight to questions.

Senator ABETZ—Is there anything to report on the Southern Shipping Co. and Flinders Island? I understand that AMSA officials went to Flinders Island recently. The *Matthew Flinders* is a ship owned by Southern Shipping. There is, at least locally, a considerable degree of controversy about this.

Mr Kinley—One of our surveyors attended the vessel yesterday. There were some minor safety deficiencies on the vessel which have remained outstanding for some time which we are taking action on, and the vessel will have to undergo slipping by the end of the month to look at some possible underwater damage. But the vessel, from our perspective, is okay to sail with those conditions on the vessel that it does proceed to slip by the end of the month.

Senator ABETZ—So, just in brief, the vessel is seaworthy but is requiring some—I do not want to put words into your mouth—minor repairs?

Mr Kinley—There is a condition that the vessel undertake permanent repairs where currently some temporary repairs have been undertaken.

Senator ABETZ—Some permanent repairs. Would you say those repairs, just in rough terms, are of a substantial nature? They do not prejudice the safety of the sailing of the vessel?

Mr Kinley—From our perspective, no, they are not preventing the vessel from sailing. There may be some steelwork repairs, but we do not feel they are currently rendering the vessel unseaworthy.

Senator ABETZ—Are you investigating any other matters in relation to Southern Shipping on the *Matthew Flinders*? First give an answer to that, if you may, and then tell us whether you are at liberty to tell us about the detail.

Mr Kinley—No, Senator, I am not aware that we are doing anything other than looking at the seaworthiness of the vessel on the matters that are covered by the certificate of survey for that vessel.

Senator ABETZ—What was the basis of one of your officials getting a wonderful trip to Flinders Island? Was it as a result of a complaint received or was it as a result of, let us say, an annual check-up or whatever AMSA might do?

Mr Kinley—This particular inspection was the result of a complaint received, Senator.

CHAIR—Thank you, Senator Abetz. Senator Back?

Senator BACK—I just wondered, for the benefit of the committee, if you could summarise AMSA's role in the event of a maritime emergency, please.

Ms O'Connell—Just to clarify, your question was about AMSA's role in the event of a maritime emergency?

Senator BACK—Yes, that is correct.

Ms O'Connell—In terms of search and rescue, I assume.

Senator BACK—I am leading towards obviously the issues off the north-west coast on the Montara field with *West Atlas*. I am just trying to get a perspective of where AMSA's role might be and the role of any other agencies in that particular activity.

Ms O'Connell—Thank you for clarifying that.

Mr Peachey—I have actually prepared a statement on that whole issue of our response to what is happening in the Timor Sea.

CHAIR—Mr Peachey, I will make it easier for you. We are on a very tight time schedule but I think we will, with the indulgence of the committee, accept that. If you can keep it brief—I know you probably have a bit to cover—senators will then get straight into questions.

Mr Peachey—Just to give you the brief answer, we do have a role as the national agency responsible for activities like the clean-up of the oil spill in the Timor Sea. That goes to us coordinating the deployment of people and assets and to do the monitoring of the actual whereabouts of the oil and reporting generally to the public to ensure the public is informed of what is going on.

Senator BACK—Do you oversee this as part of a response plan?

Mr Peachey—There is a national response plan, Senator, yes.

Senator BACK—Which is administered by AMSA or overseen by AMSA?

Mr Peachey—Yes, Senator.

Senator BACK—At what point with regard to the *West Atlas* leak was that plan put into place—how long after the event was first notified?

Mr Peachey—The day it was notified, Senator.

Senator BACK—So it would have been advice from the operators, PTTEP, or was it advice to you from other agencies that drew AMSA into it in the first place?

Mr Peachey—Senator, we were aware before we heard from the company that there was something amiss, but when the company notified us we took responsibility for it, as we are obliged to do under the national plan.

Senator BACK—For the benefit of the committee, can you give us some idea what sort of resources your agency has? Presumably it has stockpiles of dispersants, aircraft et cetera. Can we just get some understanding of what is in place or was in place at the time of this particular event?

Mr Peachey—Just to summarise, through the national plan and through the coordination arrangements envisaged through that, we can call on significant expertise from around the country. These are trained personnel who are very familiar with these sorts of operations. So, consistent with that, we did call on those people to help us and they provided people to act as observers on the aircraft as well as to work on the vessels to do the clean-up. We also, with the cooperation of the company concerned, called on a number of assets—aircraft and vessels. In summary, some 17 vessels and nine aircraft have been involved in these operations and there are currently around 300 people working offshore in the area affected and at the support bases in Truscott and Darwin.

Senator BACK—Popular opinion seems to be that it is leaking at about the rate of 400 barrels a day. Is that consistent with your observations or assessors?

Mr Peachey—It is hard to say, Senator. We have heard that commentary as well. Our activity is around the clean-up and we have been concentrating our efforts on that.

Senator BACK—At this point do you have some perspective as to the actual size and scale of ‘the sheen’?

Mr Peachey—The size and scale of the sheen varies from day to day because that is affected by the weather and the conditions in the area. Our attention has been focused on the heavy oil adjacent to the rig itself. We have found more or less since it started that that oil has stayed within the vicinity of the reef. I have to say that the work the guys have put in with the dispersants, both from the air and on the vessels, has actually contained the heavy oil within that area.

Senator BACK—Yes, certainly. It took a period of time. I understand the *West Triton* is the rig that was brought down from Singapore. Can you give us some understanding of the process that was undertaken to make the decision for the *West Triton* rig to be sourced and then to be placed into position?

Mr Peachey—No, I am not in a position to do that, Senator. That is for others in the resources portfolio.

Senator BACK—Others within AMSA?

Mr Peachey—No. We are there to do the clean-up.

Senator BACK—So you were not involved at all in that decision?

Mr Peachey—It is not our decision, no.

Senator BACK—I ask the question, of course, because information that came to me fairly quickly was that Eni had just completed drilling at Blacktip, not all that far from the location of Montara and, in fact, that rig may well have been available and, of course, could have been on station probably within about 96 hours. But you are advising me that AMSA was not part of the decision-making process?

Mr Peachey—That is right, Senator. We were not part of that decision, no.

Senator BACK—Can you tell me who might have been? If such a rig may have been available, I am just concerned to find out who, in fact, may have made the decision either to reject it or whatever in favour of the *West Triton*.

Mr Peachey—These are decisions for the company. The company is primarily responsible to plug the oil leak. I presume it is through the company decision making that it came to that.

Ms O’Connell—I think in terms of portfolio responsibilities that is more properly the portfolio responsibility of the department of resources and their engagement with the company about that plan. AMSA’s responsibilities are about the spill and the clean-up arrangements.

Senator BACK—But nothing to do with the actual sealing of the leak itself?

Ms O’Connell—They are questions that should be directed to the department of resources.

Senator BACK—Just returning to the sheen itself, as you say, perhaps for whatever reason, at the moment the sheen seems to be contained well offshore. What contingencies do you have in place in the event that wind directions and tidal movements et cetera start to move it back towards the coast?

Mr Peachey—We have been working closely with our colleagues in Western Australia and in the event that that happened we would be prepared to respond, but I have to say that it is highly unlikely. It is some hundreds of kilometres away. The experience over the last 60 days suggests that it is not going to do an about-turn and head towards the mainland.

Senator BACK—It certainly does not appear that way at the moment. Is your stockpile of dispersants adequate? Is it running down? Are we making provision to ensure that we have adequate supplies?

Mr Peachey—Yes, we have adequate supplies. From the early days when we got involved in this we ensured that there were supplies. We actually trucked extra supplies up to the north as well.

Senator BACK—Can you tell me what sort of dispersant is being used—the base of it? Are we looking at a carbon based product, a polypropylene based product? What dispersant is being used?

Mr Prosser—To my knowledge, I think we have at this point in time used four different types of dispersants which are basically a detergent type product to help quicken the pace of the breaking down of the oil. It depends on the type of oil as to what type of dispersant is best suited to that oil. We have used, as I said, four types at this point in time.

Senator BACK—Do you have any understanding, views or concerns about the long-term effect of those dispersants, particularly on fish life and the food chain generally?

Mr Prosser—We always make the decision to use dispersants very carefully and it is not always applicable to use dispersants in an oil spill situation. In this situation there was an assessment made about whether there was going to be a positive effect on the environment to use a dispersant when compared to that of the oil. The decision was that it was a positive event to do because of the potential effect on bird life in the area et cetera. All the dispersants that we do use go through a thorough testing protocol and are classified under the national plan as an approved dispersant.

Mr Peachey—If I can just add to that just to demonstrate the care that I think has been put into this, we have very deliberately gone through quite a careful graduated response to this incident. In the early days we used some aircraft from Singapore—a Hercules—when there was the most oil around. We then moved to air tractors which are like crop dusters. These are more agile and are able to target the oil in a far better way. We then used spraying devices off vessels adjacent to the rig and now we are using containment and collection procedures to actually bring the oil ashore. We are actually recycling the oil into another oil rig. We have ensured whatever we have deployed can target the oil and can target the risk, and we have done it in a way that actually ensures that we are proportionate. We are not spraying dispersant all over the place.

Senator BACK—So you are actually starting the process now of trying to, if you like, recycle that oil?

Mr Peachey—Yes. That is happening. With the oil that we have picked up, it is actually being recycled.

Senator BACK—I have obviously been looking into it, as many other people have been. Are you aware of a product whose trade name is Mycelex? It is a product registered for use in Australia. I know the Navy use it and the US military use it. It is used in different maritime situations here in Australia. Is it a product you are familiar with? Again, it is an oil absorption product.

Mr Prosser—Senator, I am not aware of the product but I do know that we are constantly getting products brought to our attention which go through testing processes for selection.

Senator BACK—So there is a process. Obviously every manufacturer believes their product is a panacea, but this is one that, as I say, stands the test. My understanding is it can process around about 5,000 litres an hour. If it is leaking 160 barrels a day, that is 60,000 litres at 2,500 litres an hour. Are you confident that the products that you are using are capable of actually arresting that sort of spill rate?

Mr Prosser—All of our products that we use for dispersant we have a protocol which is available on our website. Products that are brought to our attention, if they fit that protocol, will be tested and then if applicable will meet the requirements to go on to the national plan list.

Senator BACK—There are others who want to ask questions. I will just conclude here if I may and if there is time I will come back. At the moment AMSA presumably is bearing the cost of this operation, but it will be passed on to the operating company; is that right?

Mr Peachey—That is right, Senator. The cost is shared. Where we can, the company concerned is billed directly. Where that cannot happen, we are actually billing the department and being reimbursed.

Senator BACK—I know it presumably will be a long process at the end of this, but it is obviously hurting Australian industry. It is hurting the region. Is there anything at this time that you are able to share with us where perhaps we will learn from this and maybe put measures in place that will allow us to react more quickly in a future incident?

Mr Peachey—There will doubtless be lessons learnt out of this, but I personally welcome the opportunity to be involved in a debate about the timeliness of that response. I think the reviews, when they are conducted, will demonstrate that AMSA was able to respond in a very timely way and in a very effective way too.

Senator BACK—Sure. There was a question I asked earlier in another committee meeting and it is a practical one, and that is that the crew on the *West Triton* for various occupational health and safety reasons would be soon, I imagine, coming to the end of their work cycle. Do we know that a replacement crew, presumably if they are not Australians, would be requiring 457 or other visas? It might not be directly related to yourselves, but we could not countenance a circumstance in which a replacement crew was not available because of visa or other restrictions. Is that something that AMSA would have a look at?

Mr Peachey—No, that is not for us. I think that is for Resources, Energy and Tourism as well.

Senator BACK—Sure. Mr Chairman, thank you. I will defer to others and then come back if there is further time.

CHAIR—Thank you, Senator Back.

Senator SIEWERT—Can I go to the area of cost. Where you talk about where cost is shared, you said some of the cost is being reimbursed by the department. In what circumstances would the department or the broader Australian community have to pick up the cost of what you are doing on this spill?

Mr Peachey—Senator, I apologise for the way I phrased that. When I said ‘shared’ I meant there are a number of agencies incurring costs. So we are not carrying the full burden of the costs, but there will come a time when those costs will be put to the company and they will be reimbursed. From the outset the company gave us an assurance and followed up with a very detailed assurance in writing that they would meet all of the costs, and so far so good. They have actually reimbursed everything that we have put to them.

Senator SIEWERT—What have been the costs of this clean-up operation to date for your agency?

Mr Peachey—It is estimated we have spent around \$5.3 million.

Senator SIEWERT—\$5.3 million to date?

Mr Peachey—To date and we have been reimbursed in the order of \$3.8 million.

Senator SIEWERT—That is directly from the company?

Mr Peachey—Yes.

Senator SIEWERT—In terms of the dispersants used, Mr Prosser, I do not think you listed the four dispersants. Could you tell us what they are please?

Mr Prosser—I know there was Ardrex, Corexit and I will find the other two.

Senator SIEWERT—Could you do me a favour and write those down so that I get the spelling correct please?

Mr Prosser—Yes.

Senator SIEWERT—Thank you. Could you also provide the tonnage of the four that were used? Are they still being used, because I am aware that you were phasing off the use of the dispersants as it was appropriate? Are dispersants still being used on the spill at the moment?

Mr Prosser—As of yesterday, we have consumed 150,000 litres of dispersant. Some 12,000 of those was from the Hercules C-130, nearly 32,000 from fixed-wing aircraft and 106,000 directly applied by vessels. Mr Peachey also mentioned about the containment and recovery of the actual oil on the water, and this has been an enormous success. As of yesterday we have recovered 437,000 litres of product of which we estimate about 260,500 litres of which is oil.

Senator IAN MACDONALD—Do you have salvage rights on that?

Mr Prosser—That is also being recycled back down one of the other reservoirs, Challis Venture.

Senator IAN MACDONALD—But do you have salvage rights on it?

Mr Prosser—No, Senator.

Senator SIEWERT—In terms of the application of the booms, at what stage did you then bring the booms in and what was the decision-making process for when you applied the booms versus the use of the dispersant?

Mr Prosser—The booms were brought in—I can check the number of days into the incident—only a handful of days into the incident. Traditionally it has never been heard of as far as I know to be able to use the booms that far out in open water, because generally they are more applicable to in-water spill locations because usually you get swell and chop which makes the booms ineffective. The weather at the incident site has been glassy basically for the whole time and so a short number of days into the incident we realised there was a good potential to use booms and recovery equipment.

Senator SIEWERT—If you could give me the date of when the booms were applied, that would be useful. You very kindly gave me the amount of tonnages of dispersant used, but you did not answer my second question: are the disperants still being used or are you just relying on the boom now?

Mr Prosser—Sorry, Senator. Yes, we are still using dispersants as required.

Senator SIEWERT—Okay. At a lower rate?

Ms O'Connell—Senator, I just think it is worth saying that in terms of the treatment for the day AMSA are doing a daily assessment as to the nature of the best treatment.

Senator SIEWERT—And those daily flights are still occurring?

Mr Peachey—Those daily flights are still occurring. We meet every lunchtime every day to look at the outcomes of those flights. We then plan the afternoon operations. But going back to your earlier question, yes, the rate of dispersants has decreased and you will see on our website a chart which shows the graph heading seriously south.

Senator SIEWERT—Thank you. In terms of the monitoring plan that was released by the minister for the environment last week, were you consulted in the development of that monitoring plan?

Mr Peachey—That is way outside the scope of our activities, so we would not expect to be consulted on that.

Senator SIEWERT—You would not be?

Mr Peachey—We would not expect to be. That is—

Senator SIEWERT—You would?

Mr Peachey—We would not.

Senator SIEWERT—In terms of the flow rate, what is your understanding of what the flow rate is now? Do you have any idea of that?

Mr Peachey—Like all of us interested in that from the start, and yes we did follow the public debate about that and learnt from the estimates that were put forward by the company, we have no serious means of establishing what is coming out of the well and what the rate is. We have noticed over time, however, that the rate did decrease. One day it might have been this big; the next day it might have been this big. That is just rule of thumb stuff. It has not been a constant flow.

Senator SIEWERT—I recall at the time where in the media there were indications that the rate had decreased. Has that continued to decrease or has it remained static once you had that drop?

Mr Peachey—My understanding is that it remained static. It was going at that sort of rate, it dropped down and it has stayed at that sort of level since. Do not ask me why, Senator. That is below the ground stuff.

Senator SIEWERT—I think you might be a rich man if you knew why, by the sounds of it. I appreciate the answers that you gave to Senator Back, but I am just wondering whether it is within your expertise to comment on how the well could be capped or flow stopped. There is now speculation in terms of attempts being made by the West Triton rig that it has missed a number of times and there are now suggestions that you could put a crew back on the West Atlas rig to attempt to stop the flow that way. Is it within your area of expertise to provide the committee with any advice on that approach?

Mr Peachey—No, I am sorry, Senator, it is way outside our area of expertise and responsibility.

Senator SIEWERT—I was not sure so I thought I would chance my arm. In terms of the response, you have made comments here and also when you have been briefing others that the AMSA response was very quick. You have stockpiles of dispersants in the area and you made phone calls within 15 minutes of being notified.

Mr Peachey—Yes.

Senator SIEWERT—That initial response is great, but how soon did you actually have people on site, physically looking at the rig and making an on-site assessment?

Mr Peachey—Senator, I would like to go to that, because just saying that we made a few phone calls I think might trivialise a little what actually happened.

Senator SIEWERT—Sorry, I was not trying to trivialise it.

Mr Peachey—I will explain what happened on that first day. That might be instructive.

Senator SIEWERT—That would be useful.

Mr Peachey—As I mentioned earlier, we heard from the company soon after it happened. That put it around midday on the first day and on that day—

Senator SIEWERT—Sorry, I need to be really clear: that was eastern states time as compared to western standard time, wasn't it? Because lunchtime your time is different to our time.

Mr Peachey—I think it was around 10 am Australian eastern standard time.

Senator SIEWERT—That makes it 8 am our time, which only makes a four-hour lag between when the spill is supposed to have occurred and when you were notified.

Mr Peachey—We were notified at 10 am that morning. On that first day we activated the national oil spill response team. We conducted our own in-house oil trajectory modelling. We dropped two satellite tracking buoys into the oil.

Senator SIEWERT—On that first day?

Mr Peachey—This is all the first day.

Senator SIEWERT—What time was that?

Mr Peachey—Probably about 11 o'clock by now, Senator. We held discussions with counterparts in other agencies about the availability of assets. We activated our fixed-wing aerial dispersant contractor and employed two dispersant aircraft and a manager to the closest aerodrome, which happened to be Truscott. We deployed AMSA personnel to Truscott and Darwin, and they arrived the next day. We sought a liaison officer from the company to work with us in Canberra and, from memory, I think he arrived the next day as well.

Senator SIEWERT—From where was that, I am sorry?

Mr Peachey—From the company in Perth. We explored additional aerial dispersant aircraft from regional sources. We held discussions with the Truscott aerodrome operator. We briefed our counterparts in Western Australia. We organised with the company the deployment of a modified Hercules C-130 aircraft capable of high-capacity dispersant operations from Singapore. You are probably getting to about four o'clock in the afternoon now, Senator. We established a working group to support our coordination activities across government and we put a report on our website. That was our response on day one.

The physical task of getting aircraft moving and flying takes time, as you would expect, as does getting people on site, but our guys were over in the west the following day. The first flight occurred, from memory, I think on the Sunday morning—on the second morning—but as you would expect with these aircraft you have to check the availability of aircraft, look at flight times from their crew, get in place and all this stuff takes time. Certainly on that first day we did everything we could to get things moving.

Senator SIEWERT—And the first flight was Sunday morning?

Mr Peachey—From recollection I think that is right.

Senator SIEWERT—I appreciate that. In terms of the booms that were subsequently deployed, where were they sourced from? Were they from the Melbourne response depot or from the west?

Mr Prosser—I will probably take the opportunity to answer the previous question you asked about the booms. We got the booms first on location on 4 September. They were sourced from both AMSA stockpiles and we subsequently also had booms supplied from the AMOSC equipment stockpiles as well.

Senator SIEWERT—Sorry, can you tell me—

Mr Prosser—AMOSC is the Australian Marine Oil Spill Centre in Geelong.

Senator SIEWERT—That is what I was looking for. Their centre is in Geelong. And where is your stockpile?

Mr Prosser—We have nine stockpiles around the country including Darwin, Dampier and other places like that.

Senator SIEWERT—So yours came from your various stockpiles?

Mr Prosser—From our various stockpiles, yes.

Senator SIEWERT—And you got the Geelong response centres as well?

Mr Prosser—That is my understanding, Senator.

Mr Peachey—We had a stockpile in Darwin which we used initially, but being prepared we also notified the AMOSC people in Geelong to send some more up so there would not be a gap in operations.

Mr Prosser—With respect to the dispersants, Senator, we had dispersants stockpiled in Darwin as well. You asked for the names of those dispersants. They are Slickgone NS, Slickgone LTSW, Androx 6120, Tergo R-40, Corexit 9500 and Corexit 9527.

CHAIR—Senator Siewert, we are breaking at four, so you have time for another quick question.

Senator SIEWERT—Sorry, what was the number on that one?

Mr Prosser—9527.

Senator BACK—If you have product information that you could make available to us, that might assist the whole process.

Mr Prosser—We have on our website linkages to our dispersant arrangements.

Senator SIEWERT—Thank you very much for that. In terms of the coordination, you are still doing the daily flights and you are still having the daily coordination meetings with the other agencies?

Mr Peachey—Yes.

Senator SIEWERT—Will that continue until the leak stops—the spill stops? What is the process after the leak stops?

Mr Peachey—Senator, it is hard to actually say when we will stop doing that. We are in discussions at the moment to find out what is the end point of this whole operation. I suspect it will go on for a couple of weeks at least afterwards. I am only speculating, but when they turn the oil off it does not mean we will stop doing our work.

Senator SIEWERT—Okay.

CHAIR—We will take a 15-minute break and be back at 4.15 sharp.

Proceedings suspended from 4.00 pm to 4.14 pm

Senator SIEWERT—I just wanted to follow up on those issues around the dispersants that were used. Were they all dispersants that you had in stockpile?

Mr Prosser—Yes. The dispersants that we originally used were from the AMSA stockpile in Darwin and also other AMSA stockpiles or national plan stockpiles. On the same day we also started mobilising additional dispersants from the AMOSC bulk facility in Geelong as back-up, but we did not need those for quite a few days.

Senator SIEWERT—But you have subsequently used those?

Mr Prosser—Yes, we have.

Senator SIEWERT—In terms of the oil that you have recycled back down the well—do I understand that correctly?

Mr Peachey—That is right.

Senator SIEWERT—Who undertakes that operation?

Mr Prosser—That is undertaken under our national plan clean-up arrangements. There are two vessels to recover the oil on-board into bulky bins. The vessels then fill up to their quantities—X tonnes or whatever it is—and then transfer to one of the adjacent floating production storage outlets, the *Jabiru Venture* or the *Challis Venture*, and then pump it back down the well.

Senator SIEWERT—Thank you very much.

Senator JOHNSTON—In an answer to questions on notice from the last estimates, I was advised that, after scheduled maintenance and other AMSA requirements, five Dornier aircraft have been unavailable on average for about 19 days each over the last year. Unavailability has been mainly due to allow for unscheduled maintenance. So those 19 days were unscheduled and over and above the ordinary course of events that the aircraft would have been offline for, such as scheduled maintenance and other planned periods.

Mr Young—That is correct.

Senator JOHNSTON—That is 95 days out of 365. Am I right to suspect that we have a lack of availability—unscheduled unavailability—for about 25 per cent of the time?

Mr Young—That figure may well have been correct for that time. I would need to go back and do the math on what you are saying.

Mr Peachey—Can I just clarify some of this unscheduled availability? For example, I recall one of our aircraft landed on a country runway and hit some gravel that was on the runway.

Senator JOHNSTON—And damaged the pod.

Mr Peachey—And damaged it. Who could have foreseen that? Of course the aircraft was then unavailable. In recent times the graph shows that the availability is well up there with what we are expecting in the contract and the aircraft has performed exceptionally well.

Senator JOHNSTON—What is ‘recent times’?

Mr Peachey—Over the last six months or so. As I mentioned last time we spoke about this, I get the daily report on aircraft availability and for as long as I can remember there have been something like four aircraft available each day, and that is well within what we are expecting.

Senator JOHNSTON—You are aware of the direction notice that was issued on 29 September?

Mr Young—I am not aware.

Senator JOHNSTON—I will come to that. Let me see if I can understand where we are at with this. What do you define as unavailability? Is there a technical description of unavailability?

Mr Young—We keep two sets of statistics in regard to KPIs. One is availability against the contract, and in that sense scheduled maintenance is excluded. In those terms, in the last six months or so we have been running between 90 and 97 per cent availability. There is then total availability across the fleet. Of the five aircraft, four are intended to be on 24-hour service and one rotating for maintenance. Over the last six months, that availability has been running between 70 and 80 per cent—so four aircraft giving 80 per cent.

Senator JOHNSTON—Can I ask about the Dornier search radar? I think at the last estimates we discussed the fact that Darwin, Perth and Melbourne were all fitted but that Brisbane and Cairns were not but were shortly to be fitted. Can you give me an update on that?

Mr Young—All aircraft have been fitted and all aircraft are serviceable.

Senator JOHNSTON—Good. How long was it that those two aircraft were without the search radar?

Mr Young—I do not recall the precise dates at which the radars became available during this year. I recall it being in the second quarter of 2009, but to work out times I would need to do some other work.

Senator JOHNSTON—Could you take on notice how long it was that each of the aircraft were without their search radar and when search radars were installed in all aircraft? Is the Brisbane Dornier on station?

Mr Young—No. At the moment the fifth aircraft is supporting a maintenance schedule.

Senator JOHNSTON—You did say to me that you expected it to be re-established in July. It is now October. So we still have a few issues, have we?

Mr Young—We have a series of what are referred to as phase 5 checks, which are long maintenance schedules, running at the moment, and we are taking the opportunity to do some extra work while those aircraft are offline to fit an in-flight opening door. That program effectively is keeping the fifth aircraft engaged into next year.

Senator JOHNSTON—When will we be expected to see the Brisbane station manned?

Mr Young—It will be some time, I think, in the second quarter next year, but I would like to be able to confirm that.

Senator JOHNSTON—Take it on notice. I draw your attention to the CASA website, where on 29 September this year CASA gave a direction notice with respect to the Dornier 328-100. The direction notice states that AeroRescue was to:

(a) investigate the cause or causes of all uncommanded engine power and torque fluctuations, occurring since May 2008 and before the issue of this instrument, experienced on the Dornier 328-100 aircraft operated by Aerorescue Pty Limited; and

(b) report the results of the investigation, and the corrective and remedial actions taken, to CASA using the CASA Service Difficulty Reporting system in accordance with regulation 51 of—

the regulations—

(c) provide the Northern region—Cairns office with a copy of the report of the investigation ...

The investigation must be completed by 31 October, and the report is required to be submitted by 6 November. The explanatory statement that accompanies that direction notice says that the Dornier 328-100 has been the subject of a 'series of incidents' relating to 'uncommanded engine power and torque fluctuations experienced during flight'. I think we discussed this at the last hearing. The explanatory statement continues:

The direction requires Aerorescue to investigate these incidents and to report to CASA on them in accordance with the CASA Service Difficulty Reporting system established under regulation 51 ...

And the direction sets out a time frame. Is that a matter that is acting upon the contract that we have with these people?

Mr Young—Senator, I am not aware of the technical detail that you are describing and whether it is an issue purely between CASA and AeroRescue. From our viewpoint, we have not seen any signs of operational availability issues or reports coming through to AMSA from a contractual viewpoint.

Senator JOHNSTON—So they have not informed you of the issue of that direction notice by an airworthiness inspector, Mr Neil William Stallard? They have not informed you of that?

Mr Young—I am not aware of it, Senator, but I can take the question on notice if you wish.

Senator JOHNSTON—Okay. I have to keep going—just bear with me. Mr Smith is conducting a review, I think, of the AMSA Rescue Coordination Centre and its relationship with Border Protection Command. Have we got any advances on where that review is?

Mr Peachey—That review is underway and we expect a draft report to be available shortly. There are further consultations to be undertaken.

Senator JOHNSTON—Has there been a disclosure to AMSA of the draft?

Mr Peachey—I have seen early work on it. I have had discussions with the people involved in that review.

Senator JOHNSTON—Right. Can you shed any light on the recommendations?

Mr Peachey—No, I cannot.

Senator COLBECK—Firstly, at budget estimates you talked about the underkeel clearance monitoring system and the process that you are going through for the procurement of that. Can you tell us where the tender process is up to?

Mr Prosser—Yes, we are in the process of an open tender at the moment. Tenders have closed. We had a number of tender applicants, and they are currently being assessed.

Senator COLBECK—So you are assessing the technologies that have come up as part of the tender process?

Mr Prosser—That is correct.

Senator COLBECK—Are you still looking to use it only in the Torres Strait area or have you targeted other waters?

Mr Prosser—That is our only intention at this point in time.

Senator COLBECK—Okay. Do you have any sense of cost to boat owners, or the technology at this stage?

Mr Prosser—Not at this stage.

Senator COLBECK—That is still part of the development process with the tender?

Mr Prosser—That is correct.

Mr Peachey—Just on that one, the cost to the boat owners is one issue, but the benefits to the boat owner, too, is something that we should not lose sight of. I think, as we said the last time, the deeper it sits in the water the more it carries on top. So it is of significant economic advantage or commercial advantage to the operator.

Senator COLBECK—Fair point—thank you. We asked some questions about the *Pacific Adventurer* the last time and you indicated to me that there were 26 containers lost from the ship. My recollection is that those were to be left on site where they are. Have you had any conversations with the fishing industry about that?

Mr Peachey—Yes, we have.

Senator COLBECK—Because they have raised some concerns with me about getting snagged on them.

Mr Peachey—Yes. We have had had discussions with them and they have raised the same issues with us. We have stepped them through the reasons behind leaving them there, and only spoken about the fact that they are marked on the charts—or will be—and there is a warning out there to all mariners, including fishermen.

Senator COLBECK—That is not much salve to them if they were in one of their fishing areas and where they generally traverse. So now they have to change the way and method of their fishing because someone happened to drop a few containers overboard. I am a bit flippant in the way I say that, but you know what I mean.

Mr Peachey—I understand entirely, and we spoke at length about the prawn fishery concerned, but we also talked about other wrecks in the vicinity. I think there are about four others around there, too. We talked about the technology available to fishermen to actually see what is on the bottom of the ocean and to avoid those sorts of hazards.

Senator COLBECK—I am not sure whether you spoke to them after I spoke to them or the other way around, but what was the upshot of the conversation—apart from the fact that the containers are just going to be left there?

Mr Peachey—The upshot, to be really frank, was not so much about the hazards to fishing but about what sort of compensation would be available to the fishermen.

Senator COLBECK—And was there any resolution to that?

Mr Peachey—We involved ourselves with the legal representative of the fishing industry up there; we explained the process to be involved and they were very much aware of it, and we left it at that.

Senator COLBECK—So it effectively is in their court to make some decisions as to whether they want to pursue anything, and you have advised them of the process to do that?

Mr Peachey—That is right.

Senator COLBECK—Was AMSA involved in any investigation of the incident of a sea collision in the Southern Ocean, or is that outside our jurisdiction?

Mr Peachey—I am advised that it is outside our jurisdiction.

Senator COLBECK—That is a good answer. I just want to go quickly to—

Senator O'BRIEN—I am glad you liked the answer.

Senator COLBECK—Sometimes we are satisfied, Senator O'Brien.

CHAIR—Gentlemen, we are running a very tight timetable.

Senator COLBECK—With the proposals for a Tinny to Tanker training program, I notice that you have had some consultations around the country in relation to those proposals. It has been put to me that they have really not varied that much from the proposals that were put out there in the 2008 cycle. They are saying that they do not see too many changes as part of the consultation process. That is what has been put to me. Can you give me some sense of the development process on that?

Mr Peachey—Yes. This is not something new. We have been consulting on this for about two years. Our people have been around the countryside a couple of times. We have had a number of consultations with a lot of people in the room. Now, whether or not they have changed to suit individual requirements I cannot comment on that, but all I do know is that the product of this will be that for the first time in our history we will have a qualification scheme that goes from inshore to right out to the big end of town—hence the Tinny to Tanker stuff. What we are trying to do is provide a serious career path within the sector, with very clear steps through that career path with appropriate training and academic studies, as well as practical experience. As far as I have seen, the report card is pretty favourable.

Senator COLBECK—It may be that we are down to some very specifically based issues that need to be dealt with. One of the issues, for example is from the pearling industry up around Broome; their vessel is survey exempt from carrying a radio, and yet the qualification requires training of an additional three days to what they would normally do. Would that fall in the context of trying to get a national qualification, so to speak? Are they the sorts of issues that are dealt with there—what might be seen as excessive in one port or one area? The concerns that I have been getting back from pearling and from oysters seemed to be around some of the sheltered areas, for example.

Mr Peachey—Your early comment is right. There are still some pockets of interest out there that do not entirely agree with what we are doing and we are continuing to consult with

them. But I am unsure about what you say—there are differences between ports or areas? The intention of this is to have one national scheme.

Senator COLBECK—I understand that, and there will be differences in licensing and perhaps at state level, too?

Mr Peachey—We will create the national scheme for uniform arrangements and it will replace the various arrangements in the states and the territories.

Senator COLBECK—To save time I might put their specific concerns on notice to you, and then you can come back to them. One of the chaps I was talking to was a trainer, so he had some qualification in the area. Perhaps even contacting him might assist your process.

Mr Peachey—Okay, thanks

Senator IAN MACDONALD—I refer to your consultation paper titled *Coastal pilotage services in the Torres Strait and Great Barrier Reef*. How do the proposals of the newly formed alliance of pilots called Star Pilots fit with what AMSA is proposing?

Mr Prosser—That newly formed alliance was formed post the consultation of that paper but, in effect, our understanding of the Star Pilot arrangements would have them as a cooperative of the pilots who could then provide pilotage services to the individual different pilotage providers.

Senator IAN MACDONALD—Yes, but you are conducting some sort of a trial, are you, for the next 12 months?

Mr Prosser—At the moment, we are currently working on consultation for a new marine order part 54, which deals with pilotage in the Great Barrier Reef and the Torres Strait. Once we have that out, we will then review it again in 12 month's time to see how it is achieving its goals.

Senator IAN MACDONALD—When does that start and finish?

Mr Prosser—We indicated that we would look at the success of the new marine order 12 months after its implementation date, and at the moment it is still in the consultation stage.

Senator IAN MACDONALD—So when would you expect it—best guess? Before the end of the year?

Mr Prosser—The first quarter of 2010.

Senator IAN MACDONALD—Okay, and it will go for 12 months then. These people have spoken to me about safety issues. You would be aware of their proposals, and I think they are out in the public. You have an issues paper, but I think they have some sort of newsletter which I am sure you would have seen. How does that fit in with what you are proposing? Subject to them getting themselves engaged, does what they are proposing fit in with what you are looking at?

Mr Prosser—As far as I know, that arrangement is still a work in progress and they still have to finalise their own arrangements on that, but we would see no objections to those arrangements or anything that brings about improved quality and training of pilots within the reef et cetera.

Senator IAN MACDONALD—There is a proposal by you, as I understand, for a single-provider concept and a safety management system.

Mr Peachey—If I may, the background to this was an intention by us to just look at what was happening in the Torres Strait. An arrangement where there was competition for pilotage providers and for pilots in the Torres Strait has been in place for a decade or so. Our concern is obviously primarily around safety, and it does not take too much to start canvassing views about whether or not competition has any impact on safety, and our view is that safety should come first. We routinely look at some of these regulatory arrangements in place, and that was one of them. We put out a discussion paper canvassing a number of options about how we might proceed into the future, bearing in mind that safety is what we are all about. As you would know probably better than us, that is a very pristine part of the world up there and we do not want any opportunity to create or cause any damage to the environment up there.

We did seek submissions on it. We met with people and spoke at length about what our plans were. As Gary said, that debate has now passed us by and we are looking at, as we have said publicly, not moving towards a change to the competition arrangement in the Torres Strait but looking at ways we can all be satisfied that there is a very strong safety culture in the Torres Strait, that pilotage providers know exactly what is required in terms of their obligations to us and to the pilots—their training, their fatigue management and on and on the list goes. Equally, we need to be satisfied that the pilots themselves are capable, trained, able, well rested and can deliver what is required of them.

So in terms of the drafting of the marine order that Mr Prosser spoke about, we are looking to see whether we can strengthen what is there if it needs to be and to provide that assurance that we do have a strong safety culture in the Torres Strait. ‘Trial’ is an unfortunate word. I think what we said was, ‘Let’s have a look at it and we’ll go back there in 12 months to see how it’s progressing,’ because our hope is that there will be a demonstrated improvement in safety culture and arrangements for pilots and pilotage providers.

With regard to where this other company fits in, as Mr Prosser said, they may be another player in a competitive field to provide pilotage into the future but we are staying away from that. That is something for the marketplace and for them to put in place and to provide the assurances to us that they can do it safely and well.

Senator IAN MACDONALD—I must say when they first came to me I had the suspicion that it might be the pilots trying to have a cartel to remove competition and then name their own prices, but, having spoken to them and investigated some of the things they have said, I have satisfied myself that their issues were about safety and competition—that is, the impact of having people working longer hours for shorter pay but doing a less safe job because they are more tired and not as well provisioned. So it seemed to me that there was some merit in what they were saying, but I understand your new arrangements will allow them to at least make their case or play their part if they are good enough in enhancing the culture of safety. That is as you understand the situation?

Mr Peachey—Yes.

Senator IAN MACDONALD—Thanks, gentlemen.

CHAIR—To the officers of Australian Maritime Safety Authority, thank you. Mr Peachey, in terms of the statement that you were quoting from, would you mind tabling that for the benefit of the committee?

Mr Peachey—Happy to.

CHAIR—Thank you very much. I now call the Inspector of Transport Security and the Office of Transport Security.

[4.40 pm]

**Inspector of Transport Security
Office of Transport Security**

CHAIR—Welcome back, Mr Palmer. Good to see you in the daylight again.

Mr Palmer—Thank you.

CHAIR—For the purposes of expediency we will go to questions.

Senator HEFFERNAN—What is the budget of the Office of Transport Security?

Mr Palmer—The base budget is \$600,000 per annum on the basis that, should we be given any particular inquiry, it will be supplemented to the extent necessary to complete that inquiry.

Senator HEFFERNAN—So with that in mind, since the last estimates have you been required to make any inquiries?

Mr Palmer—We are presently conducting an inquiry into maritime piracy which I was directed to commence by the minister on 2 February this year, and that is almost completed but still continuing.

Senator HEFFERNAN—So that is the only inquiry you have not handed up. Have you handed up any other reports since last time?

Mr Palmer—I cannot remember now if I had actually handed up the ferry security inquiry before the last Senate estimates committee.

Senator HEFFERNAN—Are any of those reports available to this committee through your office?

Mr Palmer—They are handed to the minister, so it is a matter for the minister as to how public they become. But a number of them are circulated quite widely in industries, so I can foresee no difficulty with most of them.

Senator HEFFERNAN—What is your view on the cuts to air marshal funding?

Senator Conroy—Sorry, but you are not allowed to ask the opinion of an officer, Senator Heffernan.

Senator HEFFERNAN—Let me term it another way. Do you think with fewer air marshals you can achieve the same efficiency?

Senator Conroy—That is again asking for an opinion. Senate estimates is not about asking the opinion of officers at the table. If you want to ask about expenditure, that is perfectly open to you, Senator Heffernan.

Senator HEFFERNAN—All right. On airport security generally, there are now much tougher controls on taking fluids on international flights, but once you enter the airport's international departure lounge there are no further checks. If you can purchase fluids at the international terminal shops and take them on to aircraft in Australia, who checks on incoming stock to retailers in terminal shops?

Mr Palmer—It is not a question within my ability to answer because—

Senator HEFFERNAN—It is within airport security. If you get through security and then you go to a shop and if, by arrangement, the particular shop has whatever it is you want to cause mischief with, how do we know?

Mr Retter—When we established the regime for outgoing passengers travelling internationally, including the regime that you refer to in terms of the fact that post security, in the sterile area at those airports, you can buy duty free and then take it on the aircraft departing, it was predicated on the basis that we had done checks of the systems in place within the airport regime for duty-free goods, in particular the sorts of things that are sold in those shops. With regard to the regimes attendant to those bonded items and how they are controlled, I have personally seen a number of the regimes for the duty-free shops in terms of how the goods are accounted for and controlled from points outside the airport into the airport environment.

Senator HEFFERNAN—So who actually checks it? Does airport security check it?

Mr Retter—Customs have a primary function in checking it through their regime for duty-free items. We have also checked on the robustness of security in that regime from time to time.

Senator HEFFERNAN—People go to a lot of trouble, and if I want to do mischief and I organised with whoever is selling perfume—

Senator Conroy—Sneak a knife through an airport security.

Senator HEFFERNAN—Yes, well, that—

Senator Conroy—Oh, you have done that.

Senator HEFFERNAN—No, it is not a matter of sneaking a knife through airport security. Airport security is not triggered until you own up that you have the knife in that particular instance, and it is still a problem but we will not go into it. It still exists because of the density of the bone in the handle, so that is possible. You raised it, not me.

Senator Conroy—It will not save you at Manchester Airport anymore, Senator Heffernan.

Senator HEFFERNAN—That is for someone else to worry about. If I were to organise for whatever chemical I wanted to be in a crate of perfume, how do you know I would not get it through and then just go and pick it up at the perfume shop?

Mr Retter—There are no 100 per cent guarantees in this.

Senator HEFFERNAN—Yes, righto.

Mr Retter—There is a risk management approach that we take—

Senator HEFFERNAN—Okay.

CHAIR—Senator Heffernan, the floor is all yours, but I think it would help us if we hear the rest of the answers. No-one is going to interrupt you. You have the whole running.

Senator HEFFERNAN—All right.

CHAIR—Mr Retter, did you finish?

Mr Retter—I think that is enough.

Senator HEFFERNAN—Mr Palmer, given the incident in March 2009, did you have input into that incident?

Mr Palmer—No, I was not requested to respond to that.

Senator Conroy—Do you mean input into the report into the incident, not input into the incident? I am confident he had no input into the incident.

Senator HEFFERNAN—So you had no role to play in the inquiry?

Mr Palmer—No.

Senator HEFFERNAN—I find it pretty amazing that you, as the Inspector of Transport Security, were not at least asked to look over your shoulder or—

Mr Palmer—Not really. The role of the Inspector of Transport Security is to conduct inquiries as directed by the minister if they have particular concerns about the capacity of the online agencies or those agencies with online responsibility to effectively handle whatever response is needed. That is not a matter for my—

Senator HEFFERNAN—As a former policeman—and you do not even have to smile at this—I think that, if there are a bunch of boofheads who go into an airport and belt the crap out of someone and kill them and if the two little police who were asked to attend did not, it is a dangerous situation. I would have thought that the Inspector of Transport Security would at least be asked to overview the report or asked, ‘What do you think of this?’ Was there none of that?

Mr Palmer—I was not asked. Had the minister had any concerns, I guess I would have been.

Senator HEFFERNAN—Do you familiarise yourself with the people who have the contract for security at airports?

Mr Palmer—No, not unless I am directed to.

Senator HEFFERNAN—Does your department or whatever your backup is do that? I will ask the question: does anyone know who SNP Security is?

Mr Retter—Yes.

Senator HEFFERNAN—Are you familiar with the way they procure their employees?

Mr Retter—No. What do you mean by ‘procure’?

Senator HEFFERNAN—Are you familiar with the subcontract arrangements they have for labour?

Mr Retter—Minister, under the act and regulations—

Senator HEFFERNAN—I am not the minister, either.

Mr Retter—we deal with appointed screening authorities. The screening authorities are people such as airports and airlines who, in turn, subcontract under commercial arrangements to various screening providers such as SNP. The relationship that we have is with the screening authority in terms of the security outcomes they deliver—

Senator HEFFERNAN—Who is the screening authority?

Mr Retter—In the case of Sydney airport, is that—

Senator HEFFERNAN—SNP Security, as I am advised, look after Sydney airport, the State Rail Authority, IAG, the Queen Victoria Building, Channel 7, Grosvenor Place, Macquarie University Sydney and Finger Wharf—a lot of places.

Mr Retter—At Sydney airport, the screening authorities are the Sydney airport corporation and Qantas.

Senator HEFFERNAN—I must advise you that I have handed a lot of this material to the correct reporting authorities. Would it surprise you to know that there are contractors to SNP that subcontract to a second layer of employees? SNP contracts out its labour to another contractor—without being too specific, in the case of Crown Security, who were all Event Security Pty Ltd.

Mr Retter—I am not aware of the specific details. What I am aware of is the training and qualification requirements that each of the screeners SNP—

Senator HEFFERNAN—Would it surprise you to know that when they do the tests for these people they are supplied with the answers as well as the test?

Mr Retter—I am not aware of that.

Senator HEFFERNAN—Is this a matter we ought to be looking at?

Mr Retter—Anything that goes to the heart of the security outcome should be investigated, but I am not aware of the specific allegations you are raising.

Senator HEFFERNAN—I actually have here—

CHAIR—Senator Heffernan, as I said, you do not have to rush but, if you just give Mr Retter the time to finish, no-one is going to interrupt you.

Mr Retter—My point was that there are a number of quality assurance regimes in place between the screening authority and those screening companies that involve the outcomes in terms of security delivered on the ground together with the quality assurance pertaining to the qualifications of the staff who work at those airports. If there is any specific information you could provide that would assist me to do further checks, we will do them.

Senator HEFFERNAN—Can I get you to peruse this document?

Mr Retter—Certainly.

Senator HUTCHINS—For the purposes of *Hansard*, what document is Mr Retter looking at?

CHAIR—I think that in all fairness, Senator Heffernan, it should be tabled for the committee. You have just handed it out.

Senator HEFFERNAN—No, I have not handed it out.

Senator Conroy—Well, you have tabled it, I assume.

Senator HEFFERNAN—No, I am not tabling it.

Senator Conroy—You cannot walk up and show information without tabling it for the committee. If you want to ask questions about it, you can ask questions about it. If you want to table it, you can table it. But you are not going to be able to do what you have just done.

Senator HEFFERNAN—Ignore the fact that you saw the document and we will proceed.

CHAIR—So there will not be any questions on it, I take it.

Senator HEFFERNAN—No, there will be. Would it surprise you to know that as part of the subcontracting arrangements for security, including Sydney airport, there are people who are on Centrelink payments as well as the payroll at the airport?

Senator Conroy—Senator Heffernan, before Mr Retter answers, do you need Mr Palmer any further?

Senator HEFFERNAN—Yes, I am going to come back to him.

Senator Conroy—I was just asking whether you need him or whether you have finished with him.

CHAIR—Senator Heffernan, I cannot let Senator Hutchins' request slide. For the purposes of procedure, you have tabled a document—

Senator HEFFERNAN—No, I have not tabled it.

CHAIR—to a witness that the rest of the committee is not aware of.

Senator HEFFERNAN—I think we should deal with that in a private meeting. Anyhow, that is for you to worry about. My point, Mr Palmer, is: wouldn't it be one of the basic requirements for airport security for someone to know up close and personal who the hell the people are, for instance, who are the last people to leave an aircraft before the crew boards the aircraft? This is probably not the appropriate forum to deal with this, I think.

CHAIR—I think you are probably right, Senator Heffernan. Can I take it that you will not be asking questions in relation to the document that you just showed Mr Retter?

Senator HEFFERNAN—Maybe the wisest way to go about this is to come and see you privately.

Mr Retter—I am happy to discuss the issue privately.

Senator HEFFERNAN—I think I shall err on the side of caution, Mr Chairman.

CHAIR—I think that is probably a good idea.

Senator HEFFERNAN—Is that not something that you ought to take an interest in?

Mr Palmer—I have no own-motion capacity. I take an interest in those things directed to me by the minister.

Senator HEFFERNAN—So you only take an interest in what you are instructed to have a look at?

Mr Palmer—That is my role. That is what the legislation empowers me to do.

Senator HEFFERNAN—So you are not allowed to have a view of your own and say, ‘We might have a look at that’?

Mr Palmer—My opinion might be sought by the minister from time to time but otherwise I do conduct inquiries as directed by the minister.

CHAIR—There being no further questions of the officers, I thank Mr Palmer and Mr Retter for their attendance.

[4.55 pm]

Bureau of Infrastructure, Transport and Regional Economics

CHAIR—I welcome officials from the Bureau of Infrastructure, Transport and Regional Economics.

Senator NASH—I do not know who this goes to because it is a very general question. What research priorities are you concentrating on for the next six months?

Ms Foster—I will let Dr Dolman to answer that.

Senator NASH—I had a feeling it might be Dr Dolman.

Dr Dolman—Essentially, the work program that we provided you a copy with last time continues to be our research program. We are progressively working through those projects. Are there any particular projects you would be interested in?

Senator NASH—We had some discussion around one. This one might still be going. I think it was particularly around—and I am sorry I cannot remember exactly what it was—social impacts and regional areas. Sorry I cannot be more specific about it. I expressed quite a degree of interest in that particular piece of work.

Dr Dolman—There are probably six projects that we are working on that are relevant in that area. I can give you a very quick update on how those are progressing.

Senator NASH—That would be great.

Dr Dolman—The first one, for reference it is S3 on our list, is around household wealth in Australia’s cities and regions. That is something that we have published now. It has been released. The second one looks at the spatial distribution of income support payments, again across cities and regions. That is a piece of work that is nearing completion and we would hope would be out if not by the end of the year then early next year. The third one is looking at the industry structure of Australia’s cities and regions. Again, that has been released since the last Senate estimates. We have published the 2005-06 update of our economic performance database which shows spatial distribution of economic growth across regions. The cost of living in Australia’s regions is one that is drawing to a conclusion. We would hope to have that out early next calendar year. The final one is one that we are working on with our local government and regional development colleagues which is looking at publishing regional profiles on our website.

Senator NASH—Just refresh my memory, did you suffer any budget cuts in the last budget?

Ms Foster—There were no budget cuts through the budget delivered by government to the department but we did some internal reallocation after the last budget estimates and we reduced the bureau's budget by around \$1.5 million as part of a broader effort to refocus the work of the area and to give some sharpened focus to the research—to have it more aligned with the policy directions of the department.

Senator NASH—Just walk me through why you needed to reduce the funding available to sharpen the focus?

Mr Mrdak—It was a decision of mine in the end. I do a budget allocation across the department each year based on the business planning process for the department. As you are aware, I arrived in the department at the start of this financial year. I had to make some adjustments to divisional budgets to meet priorities across the department. One of the areas which had its forward estimates reduced and budget for 2009-10 reduced was the bureau. As Ms Foster has indicated, as part of that we have also looked to how we can better align the bureau's research program, given the reduced resourcing, with the policy direction of the department. The budget reduction has forced us to look more closely at where we can better target the research and limit our research activities in some areas.

Senator NASH—When you say you sharpened the focus, does sharpen include cutting anything?

Mr Mrdak—It has required a restructure of the research program. Obviously some research activities in the program are not going to be delivered in the time frame originally envisaged. It will also require a reduction in staffing of the bureau as result of the reduction in resourcing.

Senator NASH—Mr Mrdak, I think you said that those research activities were not going to be completed in the time frame that had been envisaged?

Mr Mrdak—Certainly not in the time frame that was envisaged. A number of research activities which may have been added to the program will not be able to proceed.

Senator NASH—I say this in the context of recognising that, Mr Mrdak, you can only spread around the amount of money you have to put into different areas. It is certainly no fault of your own. What are the research activities that are now going to be completed at a later date than was otherwise envisaged? What type of research activities will not happen because of the reduced funding?

Mr Mrdak—The ones that will not happen are ones that were prospectively looking to be added to the research program. There are a number of those areas across the breadth of the work the bureau does. They will not proceed this year. They are areas that were prospective more so than ones which were already identified.

Senator NASH—I was not very clear on that. The research activities that are currently being undertaken—

Mr Mrdak—I think Dr Dolman has already given you an outline of a couple of projects—

Senator NASH—I did not link those two things together. So those projects are going to take longer than otherwise envisaged?

Mr Mrdak—Some may take longer because of the resources now available to the bureau.

Senator NASH—Is that because of resources available means reduced staffing or is there another sort of resource dropping?

Mr Mrdak—Both staffing and supply resources available to the bureau.

Senator NASH—What is the supply resource available?

Mr Mrdak—Essentially, the bureau has an overall budget for the year within which it can manage staff costs as well as suppliers. The sorts of areas the bureau has traditionally sought supplier expenses is in areas such as publications, consultancies and the like.

Senator NASH—Yesterday in this very room we had quite a significant discussion about the lack of funding that was going to research. That particular minister had been talking about the importance of research and development. We were talking at length yesterday about the funding cuts. Minister, perhaps you can ask this for me. I understand you probably cannot but perhaps you could take it back to your minister. Does your minister think it is appropriate that yet again we are seeing funding cuts when it comes to research that relates to regional communities or perhaps you could have a stab at it now, Minister?

Mr Mrdak—The judgement on resourcing is mine.

Senator NASH—No, but the decision—

Senator Conroy—I will defer to Mr Mrdak's knowledge of the portfolio and the issues. I am happy to take that on notice. If there is any further information—

Senator NASH—I am happy to have this discussion with Mr Mrdak. Normally we get flicked away from policy decisions and all sorts of other things.

Senator Conroy—It is an internal resourcing issue.

Mr Mrdak—I take full responsibility for the resourcing allocation across my line divisions. In this situation, as Dr Dolman has indicated, the bureau is continuing to deliver the research program. There are some areas which may not be delivered in the same time frame. Clearly, the capacity of the bureau to take on new research areas—perhaps all of the research areas that people might otherwise want—is somewhat more restricted. Hence, as Ms Foster has indicated, we have had to look hard at the areas we are going to focus our research on. The bureau has been doing that over the last couple of months quite effectively. It has been targeting where its future research might lay.

Senator NASH—How do you measure what an appropriate amount of funding is to cut from your research arm of BITRE?

Mr Mrdak—At the end of the day I make some judgments about the type of research activity which is required to underpin the government's agenda. I make some judgments about that in terms of the overall reduction where I have asked the bureau to absorb efficiencies, to absorb diminished resources and efficiencies and, at the end of the day, to cut their cloth to the available resources.

Senator NASH—So the efficiency dividend that we were discussing around the budget, can you just explain for me how that applies to you?

Mr Mrdak—This is not related to any additional savings measure. This is looking at the total appropriation for the department for this year and forward years. This relates to how I have decided to make some priority changes and to fund some other areas of the department which at this time are higher priorities for me to fund.

Senator NASH—Okay, and that was my next question, actually. What are those higher priorities? What is more important than research?

Mr Mrdak—With my role in the department I have made a conscious decision to strengthen our infrastructure delivery area. We have formed a major projects office to strengthen our capacity to monitor and deliver the major infrastructure projects and we have also looked at how we can better strengthen our capability around some of the policy areas and infrastructure planning.

Senator NASH—I do appreciate you may have to take this on notice. The infrastructure delivery that you were just talking about, can you break that down for the committee into separate projects?

Mr Mrdak—Essentially it is the delivery of the nation building and the budget infrastructure projects. The major projects office that I have formed is in relation to the oversight and delivery of the budget projects in terms of this year's major projects that were announced in this year's budget, putting a heightened project management capability around that. I have also taken steps to introduce much greater training and capability development across the department in project management, an area that we have traditionally required some more development in. There is much more focus on project management in terms of our corporate development area.

Senator NASH—I am only asking this in the context of money having gone from BITRE to elsewhere and, as you say, infrastructure. Is it even possible to supply for the committee what percentage of those infrastructure projects that you were talking about reside in regional areas and which are in metropolitan?

Mr Mrdak—The infrastructure projects are across the breadth of the nation. They cover the issues that we are discussing—

Senator NASH—I know. I understand that. I just wondered if you had any sense yourself within the department, of all of that funding that is being spent across that infrastructure, which lies in the regions and which lies in metropolitan areas? I am just trying to get a sense of funding being taken away from BITRE to go to infrastructure when they do such good regional work.

Mr Mrdak—I think the additional funding for project management covers all of the regional and urban projects that the government is delivering.

Senator NASH—Okay. Thank you.

Senator WILLIAMS—I have a couple of questions. I am sorry if I cross over here. I have not been concentrating. Dr Dolman, does the department believe that projected volumes of

rail traffic make the inland railway a commercially and economically viable project? Have you done any work on that as far as forecasting the economics of that infrastructure?

Dr Dolman—I do not believe that we have done any recent work on forecasts for rail infrastructure. We have actually recently published national road intercity traffic projections, which looks at numbers of people and commodity movements between regions along corridors, which does in part look at the demand for rail between those regions.

Senator WILLIAMS—I am only referring to the Melbourne-Brisbane inland rail line, which will be freight mainly, of course. I was just curious to see if you have done any work on that. What about the National Broadband Network?

Dr Dolman—No, we have not done any work on the National Broadband Network.

Senator WILLIAMS—Has anyone?

CHAIR—Right minister, wrong estimates.

Senator WILLIAMS—I thought I would get a bite then, but he is in concentration mode.

Senator Conroy—I am in concentration mode, Senator Williams. I know you have an abiding interest in broadband for regional Australians.

Senator WILLIAMS—Exactly.

Senator Conroy—And are keen to see it improved.

Senator WILLIAMS—Has the department conducted any cost analysis or assessment of the infrastructure required to support safety enhancements?

Dr Dolman—Yes. We are currently doing a project that relates to that. We are looking at the cost of road crashes across Australia. That provides a key input to benefit cost analysis that is undertaken for road projects. That is again a project that is nearing completion which we expect to publish probably early next year.

Senator WILLIAMS—Do you have any involvement with Infrastructure Australia?

Dr Dolman—We do. As we do with other parts of the department, we discuss the projects that we are going to be working on with all the divisions across the department. Just recently we have updated our contacts with all the divisions, including Infrastructure Australia. So they have expressed an interest in a number of projects that we are working on. We have direct relationships in terms of discussing how those projects progress and informing them of the outcomes of those projects.

Senator WILLIAMS—Do you do any infrastructure cost projections for local government? It is one of the big concerns about the viability of local government. Every local government I talk to says they are stretched for dollars and the road network depreciation seems to be their biggest cost et cetera. I am just wondering whether you had any information in regards to local government and their projections for infrastructure costs.

Dr Dolman—We have a project on the research program looking at the challenges facing local government and that was to be a component of that project. However, that is one where we are in discussions with our Local Government and Regional Development Division. That is probably one that we will have to delay the progression of until at least next financial year.

Senator WILLIAMS—If you get any results of local government projections and forecasts of infrastructure, you might be able to bring it to our attention next time we meet.

Dr Dolman—Sure.

Senator WILLIAMS—Thank you.

CHAIR—Thank—

Senator NASH—Dr Dolman, the Better Regions Program—sorry, we are not on that yet. It has been a long couple of days. That is how keen I am to talk to the department.

CHAIR—Before I was rudely interrupted by Senator Nash, if there are no further questions for the Bureau of Infrastructure, Transport and Regional Economics, thank you very much. I now welcome officials from the Local Government and Regional Development Division. We will begin with questions from Senator Nash.

Senator NASH—I was noted for my previous enthusiasm. Thank you very much, Chair. The Better Regions Program, who is looking after that?

Ms Foster—Either me, Mr Pahlow or Mr Wood.

Senator NASH—Okay. The project proposals are 105; is that correct? I will start again: how many proposals are there under the Better Regions Program?

Ms Foster—You will recall from last time that the—

Senator NASH—Probably not.

Ms Foster—program is a program of election commitments and so the—

Senator NASH—Yes, I think we discussed that at length.

Ms Foster—They were not applications or proposals as such.

Senator NASH—Okay.

Ms Foster—So, you are correct, there are 105 projects in the program.

Senator NASH—How many of those projects are still at the proposal stage being considered and how many have been approved by the department?

Ms Foster—There are 58 projects where we have a finalised contract. Seven of those are already completed. Within the 105, there were also two projects that were completed within the Regional Partnerships Program. We have a further 38 that have been approved for funding and we are in contract negotiation. Most of those are close to contract finalisation.

Senator NASH—Roughly how long, in an ordinary time frame, does that contract negotiation take? How much does it vary? I understand it varies, but what is an average sort of time?

Ms Foster—The guidelines for this program set the time frame at 16 weeks and some of the projects, the simpler projects, have taken much shorter than that. Some have gone slightly over the 16 weeks.

Senator NASH—Correct me if I am wrong, but I understand there is a spreadsheet on the department's website and that only has 53 projects on it. Is that correct?

Ms Foster—It has 58 at the moment. What we are required to do once we have entered into a contract is put the projects on our website. So it is those projects which are in contract which you will see on the website.

Senator NASH—Okay, so there are actually 58 on there. How many of those did you say were completed?

Ms Foster—Nine of the 105 are completed—seven since the inception of the Better Regions Program, two which were also within Regional Partnerships.

Senator NASH—And none have been rejected at this stage—not recommended, I should say?

Ms Foster—That is correct.

Senator NASH—All have been recommended?

Ms Foster—I think as we discussed last time—

Senator NASH—Again, I can be very forgetful; please go on.

Ms Foster—What we recommend is clearly the subject of our advice to government.

Senator NASH—Are you surprised that all of the projects so far have been particularly worthy and have been recommended to the minister?

Ms Foster—We have a process of assessing the viability of the projects, of quantifying the risks and of working with the proponents to mitigate those risks or to propose risk mitigation strategies. That is a fairly standard methodology, so in that way we could actually ensure that the projects are viable.

Senator NASH—Can you outline for the committee the actual departmental assessment process that you apply to all of these project proposals that come through?

Ms Foster—I might let one of the officers who is closer to it describe that.

Mr Wood—The proponents of the projects provide detailed information to the department which we then assess against five areas of risk, which I will perhaps take on notice. I do not have those listed here, but I can get those five areas for you shortly. We will also take an assessment to see if an independent viability assessment is required for projects. That is itself based on a risk matrix to determine whether it is warranted to go out for an independent viability assessment. We then provide a summary of the assessment process, the risks and any treatments that are applied to reduce the level of risk. An example might be that there could be a risk to the commencement of a project because planning approvals are not in place. A risk treatment might be that no funding is released until planning approval is received. That information is then passed to the parliamentary secretary for consideration and the decision process.

Senator NASH—I am just trying to get an understanding of this. During that average 16-week period, if a project proposal comes to you that is not quite meeting the guidelines of this but is really close, do you go back to the proponent and say, ‘This is pretty close but if you tweak this around here it will actually make sure that it is within the guidelines’? Does that happen at all? Has it happened at all with this?

Ms Foster—We do work very closely with the proponents of the projects in exactly the way you describe. Mr Wood described a process, for example, which is part of that discussion with the proponent.

Senator NASH—Of those 58—and I appreciate you probably cannot tell me exactly every one—roughly as a percentage, on how many would you be going back to the proponent and saying, ‘That’s not quite right but if you do X, Y and Z it will come up to scratch’? Is it a few now and then, or half or three-quarters?

Senator Conroy—I am sure there is always iteration.

Senator NASH—Of course. That is why I am not asking for hard and fast at all. I am just trying to get a sense of how it operates.

Mr Wood—We have ongoing discussions with the majority of proponents. That is not necessarily about bringing a project up to speed, as you have characterised it. It is generally about getting additional information and, as I explained earlier, enabling us to consider what risk treatments might be put in place. What might be considered a moderate risk project could be reduced in risk by putting in place appropriate risk treatments. We can discuss those with the proponent to see if those sorts of things would affect the viability of the project. Most of those tend to be related to things such as gaining planning approvals, securing their partner funding—items such as that.

Senator NASH—To your knowledge of these types of programs, is it unusual to have all of the project proposals as election commitments come to the department?

Ms Foster—I am sorry? Is it unusual to have all of the proposals come to the department?

Senator NASH—As election commitments? In previous programs there has been a program in place with certain guidelines and people have applied. I am just trying to gain an understanding if an entire program has ever been set up—

Senator Conroy—That has been discussed a number of times.

Senator NASH—I know. It is such an interesting discussion and that is why I keep returning to it.

Senator Conroy—We are determined to deliver all of our election commitments that we promised, so they have all gone to the department to be dealt with. We are delivering—

Senator NASH—I think we discussed—

Senator Conroy—We have had this discussion, and we are going to deliver our election commitments.

Senator NASH—We have had this discussion and we are going to spend a very, very short period of time on it. I think it is certainly worth revisiting momentarily, because I have always found it very difficult to understand this. That is, if the policy is to deliver on all of the election commitments—and perhaps the department can enlighten me on this, although I am not asking you to comment on policy at all—what happens if one of these proposals comes through to you and you do not think it is worthy?

Senator Conroy—They are election commitments and we have committed to funding them.

Senator NASH—But that is not answering the question, Minister.

Senator Conroy—It is answering the question.

Senator NASH—No, it does not at all because we always—

Senator Conroy—You are asking a hypothetical.

Senator NASH—I am not asking a hypothetical at all. The department is there to do a job—to assess and ascertain which of these projects are worthy projects and should be funded. Minister, if you are saying that all of these election commitments will be funded, why is there even a process?

Senator Conroy—We have made a commitment to the Australian public that we will deliver on our election promises, and we are implementing that commitment that we were elected to do.

Senator NASH—It is not really answering my question though, Minister. Does anybody else want to have a crack at it?

Senator Conroy—We intend to deliver on each and every one of our election commitments.

Senator NASH—It certainly must make it difficult for the department, though. If the policy from the government is to deliver on all of those election commitments, what opportunity—

Senator Conroy—I have every confidence in the department.

Senator NASH—Of course you do, because they are going to tick them all off. What opportunity does the department have to actually have a sensible and measured—

Senator Conroy—Senator Nash, you are going to blush the same colour of that jacket soon if you want to talk about that.

Senator NASH—I am not blushing. Let me finish the question: what opportunity does the department have to actually have a sensible and measured measurement of whether or not the projects are worthy, if they indeed have to fund them regardless? I just find that very difficult to reconcile.

Senator Conroy—Senator Nash, the processes that your previous government—

Senator NASH—Do not say ‘clear and transparent’ because we will laugh.

Senator Conroy—engaged in were the subject of a number of Auditor-General’s scathing reports—

Senator NASH—Don’t start that one, Minister. Otherwise we will end up talking about the three per cent, and you know that I have all the answers to that and you are completely incorrect. So I would not go there, Minister.

Senator Conroy—I am happy to re-engage that, but I am conscious that you have a time constraint on you today.

Senator NASH—I thought you might bring that up. So nobody can answer my question: if these are election commitments that are all to be funded, where is the ability for the

department to have an impartial assessment of the worthiness of the project? Nobody can answer that for me.

Senator Conroy—The government has made it quite clear that all of these projects will be funded.

Senator NASH—Yes. Can we have a brief discussion about Regional Development Australia before I go to my colleague. Can we have a rundown on Regional Development Australia in each state? What will it do? How many different offices are there? What is the budget for the offices?

Ms Foster—There are going to be 55 committees, and the budget over the forward estimates is \$60.4 million. The budget for 2009-10 is \$14.7 million.

Senator NASH—Can you explain for me, because I am not quite clear on this, how much funding goes to the state, how much goes to the office? Could you explain the funding arrangements for how they will operate?

Ms Foster—You may recall that the Regional Development Australia network is a cooperative program between the state and territory governments and the federal government and in some cases also the local government sector. So we have negotiated with the states an amount of funding for the RDA committees that will operate within those states. The states are also in most cases contributing funding to the bodies.

Senator NASH—Which ones are not? You said ‘in most cases.’ Which ones are not?

Ms Foster—I will defer to Mr James.

Mr James—Sorry, Senator, which states are contributing?

Senator NASH—Sorry, Ms Foster just said ‘most states’. I am just trying to find out which ones they are.

Mr James—New South Wales is contributing.

Senator NASH—I am surprised at that.

Mr James—It is a direct partnership and South Australia also, where there is integration of the two models. In Victoria, there is an in-kind contribution and the same for Queensland in terms of support provided by those states through their state regional development departments.

Senator NASH—In kind? Is that office space?

Mr James—Office space, associated staffing and things of that nature.

Senator NASH—Okay. I am sorry, I only laughed because I was going to ask if it was average pay for office space, but I will not.

Mr James—And the ACT is sharing funding for the ACT joint committee with the federal government. In the NT and Tasmania, it is essentially federal but there is some in-kind contribution in Tasmania as well.

Senator NASH—Okay. And how much money is going to go from the federal government to the RDAs?

Mr James—It is \$14.7 million for this year from the federal government.

Senator NASH—Okay. Does that all go to the states for them to then distribute?

Mr James—No, it will vary by state depending on the agreement. In most cases we will be contracting the department individually with RDAs for funding. We are not actually contracting specifically with the state government, except in the case of Victoria.

Senator NASH—Okay. So what are the contractual requirements/obligations between the federal government and the states to ensure that the money that you give the state does go to the RDA?

Mr James—We are developing a comprehensive contract framework, which is under discussion with the relevant states in terms of how that will work, particularly in this case with Victoria, where we are contracting directly.

Senator NASH—And how will you audit it?

Mr James—They will be reporting to us under that contract on delivery of what they are achieving through RDA. Also in Victoria, the individual committees will still be providing reports to the federal government against their business plans.

Senator NASH—Okay. So what arrangements are in place? I am sorry to be so cynical, but what happens in New South Wales, which is completely broken, if they decide to use the money for something else? What big stick have you got to make sure that it goes to the RDAs?

Mr James—We are contracting separately in New South Wales with the organisations.

Senator NASH—You are a bit more nervous about New South Wales?

Mr James—The RDA will have a contract with the federal government and with the state government. So they are linked.

Senator NASH—They are linked. Can you just explain that for me again?

Mr James—For our deliverables for RDAs in New South Wales, we have our own contract, or will, and the same with the New South Wales government, but there are linked reporting requirements within each contract.

Senator NASH—Sorry, did you say that some of the funding will go directly to the RDAs and some will go to the state government?

Mr James—No, only directly to the RDAs from the federal government.

Senator NASH—So no money is going to the state government?

Mr James—No.

Senator NASH—Why not?

Ms Foster—Not in New South Wales.

Senator NASH—Why not New South Wales?

Ms Foster—Senator, we have a different arrangement with each state because we have been trying to tailor the program to suit the needs and the existing state development bodies in

each state. So the arrangements we have with New South Wales, for example, are different from those that we have with Victoria.

Senator NASH—Okay. What are the different requirements in New South Wales that require bypassing giving any money to the state government?

Ms Foster—In fact, Victoria is the exception. Victoria is the only state to which we are paying the money to the state and that is because the regional development network in—

Mr James—Regional Development Victoria?

Ms Foster—Regional Development Victoria is part of the state government.

Mr James—I mean, effectively, Senator, it came from negotiations with the states on the preferred arrangements for the memorandums of understanding and because, as Ms Foster said, arrangements in the state regional developments vary quite considerably and across Australia. As a result of the ministers' agreement on 30 July last year, it was decided to try to align on a state-by-state basis within a national framework regional development organisations.

Senator NASH—Okay. So how did you determine state by state what contribution was appropriate from the state governments either with direct funding or in kind?

Mr James—That was a matter of negotiation in the final decision by ministers.

Senator NASH—Okay. But I am trying to understand the criteria that were used to determine what the appropriate amount of funding from the state was.

Ms Foster—It depends to a large extent also what the state requires of the RDA. In some cases, the states may wish the RDAs to assist, for example, in the management or the processing of programs that are run by the state development programs. So they would be having a larger role and perhaps larger funding into that organisation because the role was a greater one than in other states. So it depends on what the state is requiring the body to do for them from their perspective.

Senator NASH—Okay. In terms of the old area consultative committee network, are any of those offices still active?

Ms Foster—Very few now, Senator.

Senator NASH—I know there are some very sad people right across the country.

Ms Foster—Most have transitioned now to the new RDA network. Forty-one of the 54 ACCs have closed. A further three have been rebadged into RDA committees. That has been the case in the ACT, the Northern Territory and Tasmania. Eight of the Western Australian ones will be rebadged and so will transition straight from ACCs to RDAs. That leaves only two, which will close in November.

Senator NASH—Okay. Of the ACCs and the locations—the buildings that they were in—I do not understand if all of the arrangements were the same for the buildings that the ACCs were housed in. I imagine they might have been lease arrangements or rental arrangements. What was the usual type of arrangements for the ACC locations?

Mr James—Very variable, as you mentioned—mostly lease arrangements.

Senator NASH—Okay. Mostly leased. So when the ACCs that we just discussed were shut down, were all of those at the end of their lease arrangement/contract?

Mr James—No.

Ms Foster—Senator, we had an arrangement with the ACCs that funded them through to 30 June this year. So how they arranged their accommodation and the operation of their organisation was a matter for them. In some cases, when we extended the ACC for short periods to cover that transition into RDA, we provided them with sufficient funding to allow them to, for example, continue their leases, if that is what they needed to do. But it was up to them, with our assistance, to wrap up their arrangements.

Senator NASH—So with all of the ACCs, where they are lodged at the moment, the RDA office will be in the same location?

Ms Foster—That is again variable across the states and the committees.

Senator NASH—What I am trying to get at is where there has been a movement from an ACC office to an RDA office in another place, in any instance has the closing of the ACC office happened before the end of a lease has run out?

Mr James—Some leases have been paid out.

Senator NASH—Okay. How many?

Mr James—I would have to take that on notice, Senator.

Senator NASH—Okay. Could you take on notice how many leases have been paid out and the value of the payout of each lease? Thank you, Mr James. Just finally, in terms of the grants so far that have been given under the election commitment of the Better Regions Program, have any of the proponents that have been successful come to you asking for more money?

Ms Foster—Not to my knowledge, Senator.

Senator NASH—So everyone has been quite happy and has gone off. They have said, ‘Thank you very much for the money,’ but no-one has thought, ‘Actually, we might go back to see if we can have another crack at this and ask for some more money?’ None at all?

Ms Foster—In most cases, as we have discussed, we negotiate with the proponents around the nature of the project and what they can deliver for the available funding.

Senator NASH—Have any of the project proposals come to you with a certain dollar figure and after discussions—probably what you were just referring to then—have actually gained a greater amount of funding for their projects?

Ms Foster—Not to my knowledge.

Senator BACK—I draw attention to a recent announcement the Prime Minister made for the development of the National Resource Sector Employment Taskforce. Is that something that comes under your jurisdiction in Regional Development?

Ms Foster—No.

Mr Mrdak—That is a matter for the employment portfolio.

Senator BACK—It is about resources in the regions but it is not under your jurisdiction?

Mr Mrdak—No. The Parliamentary Secretary for Western and Northern Australia, Mr Gray, is involved in that process. But that is being handled through the employment portfolio.

Ms Foster—That is correct.

Senator WILLIAMS—Senator Nash covered my questions in her questions.

CHAIR—I thank the officers from Local Government and Regional Development. I now call the officers from the Office of Northern Australia.

Ms Foster—Could I correct one answer I gave to Senator Nash. I said that not to my knowledge had a proponent asked for more money. In fact there was one instance in which a proponent did but the guidelines did not allow for that.

Senator NASH—Can we go back to that, then? Who was that? What was the project?

Ms Foster—I am not sure.

Senator NASH—So you know there was one.

Senator Conroy—We will take that on notice. We are not sure that we are at liberty to reveal that sort of information at this point. We will take it on notice and if there is anything further the minister would like to add we will get it to you.

Senator NASH—Why would you not be able to inform the committee of what the project was?

Senator Conroy—They asked for more money. There may be reasons that they do not want revealed for why they asked for more money. I will ask the minister. I am sure he has a website handy.

Senator NASH—It always makes me very concerned when you dive in to say things like that, Minister.

Senator Conroy—I have no idea who this organisation is. I have no idea what they have put in for. I am just making the point that I am not sure that they would welcome their application being canvassed at Senate estimates without their permission. That is all.

Senator NASH—I appreciate that. Perhaps, Ms Foster, you might like to then communicate with the proponent to see if they are happy for that detail to be released to the Senate committee. Were you surprised when the proponent came back—

Senator Conroy—That is an opinion.

Senator NASH—Is it usual for a proponent to come back to the department and say, ‘Could I please have some more money?’ That is a fair question, Minister.

Ms Foster—I can think of other instances where proponents have sought more money.

Senator Conroy—Hundreds, I would imagine. I have never met a proponent who did not want more money. It is easier to ask whether there has ever been one that did not ask for more money.

Senator NASH—You mentioned that the guidelines preclude more money from being handed out. So what actually is it in the guidelines that does not allow you to consider giving more money to a proponent than they have asked for?

Ms Foster—I think in this instance the guidelines simply disallowed allocating additional money to projects.

CHAIR—Are you filibustering?

Senator NASH—No, not at all. I am genuinely interested in this.

CHAIR—Have we finished?

Senator NASH—No, we are still going. When I am finished we can move on, but we have gone back to this because Ms Foster supplied some more information. I am just after the guideline that precludes asking for more money.

Mr Wood—In the Better Regions Program guidelines, which are published and publicly available—

Senator NASH—On the website?

Mr Wood—They are on the website. They state specifically, ‘Requests for additional funding from the Government will not be approved.’

Senator NASH—So when you go back to the proponents and you talk to them about how they have done their application, there is no capacity whatsoever—and I am very genuinely interested in how this works—for the department to look at a project and say, ‘This would be a lot more worthy and work a whole lot better with an extra bit of funding’? So you do not have the capacity to do that? Even with all your knowledge and expertise to see that a project could work better, you do not have the capacity to do that?

Ms Foster—In this case the guidelines preclude it.

Senator NASH—Can you read that for me again, Mr Wood?

Mr Wood—It is at point 3 of the guidelines. It says, ‘Requests for additional funding from the Government will not be approved.’

Senator NASH—Why not? I am trying to get my head around this. If you have a proponent on the ground with a very worthy proposal and there is a bucket of money for them to access under the program and they have put their proposal to you with a funding figure that they think is going to be appropriate for their project and then all of a sudden they say, ‘Gosh, we missed that bit,’ why are they precluded from coming to you to ask for more money? As you say, there is a 16-week average period where you go backwards and forwards and try to put it in the best shape possible. Why are they precluded from coming to you and saying, ‘We think that for some more money this would actually work better. It is an oversight and we have missed something.’? Why can they not do that?

Ms Foster—We get a certain amount of money appropriated for the program and that is finite.

Senator NASH—When was that amount of money for the program determined? What was the date?

Ms Foster—I do not know. I would have to take that on notice.

Senator NASH—Was the amount of money for the program determined before all the election commitments were announced?

Senator Conroy—The government's contribution was capped at the level of the election commitment, and that is reflected in the guidelines.

Senator NASH—I understand that, but I am just after the timing. When was it decided or announced? I am trying to determine whether the bucket of funding was attached to the program. Was that announced before all of the project proposals were known or after?

Senator Conroy—I am not sure Mr Mrdak is in a position to answer that. We can take that on notice.

Mr Mrdak—We will take that on notice. Essentially, the government's forward appropriations were all set in the budget last year, in the 2008 budget. It was the first budget of the government which set out how it would go about funding its election commitments.

Senator NASH—So the budget last year was the point at which the program was funded. So all of the election commitments, which obviously were made during the election campaign in 2007, were added up and that led to the bucket of funding, and that is why there is no more money that people can access.

Senator Conroy—Sounds like you have got it.

Senator NASH—It is an interesting way to develop a program, though, Minister, wouldn't you think?

Senator Conroy—Funding of election commitments is a very serious issue for the Rudd government. We were committed, as you know, to deliver each and every one of those election commitments.

Senator NASH—That was too far a stretch even for you. Any sense of credibility that you had before just disappeared, Minister.

Senator Williams interjecting—

Senator Conroy—I will take that interjection from Senator Williams. I hope *Hansard* caught it.

Senator Conroy—We probably have done it the other way around to what you are used to. We made some commitments and then we funded them. You just announce a funding pool and then hand the money out.

Senator NASH—I might just ask my question, thanks, Minister. Mr Mrdak, is that the usual way that programs of this nature are developed? I am trying to get a sense, historically, of how many programs are developed around guidelines and criteria and have a certain amount of money attached to them or have a certain bucket of money that can be accessed that are then demand driven. Historically, how many had project proposals in place first and then had a program built around them?

Senator Conroy—My understanding is that the ANAO recommended that election commitments be funded separately with separate guidelines. This was probably because, as I

was teasing Senator Williams, announcing buckets of money and then retrofitting projects to it was seen as not quite the best way to go. That was the Auditor-General's recommendation.

Senator BACK—It is all right till you get caught.

Senator NASH—That is not caught at all and you know it, Minister! That is an outrageous claim. I am happy to do this for as long as you want, Minister. To say that you made an election commitment—

Senator Conroy—Snouts in the trough!

Senator NASH—and then find a bucket of funding to actually fund it and give the department no ability whatsoever to determine whether or not they are appropriate and worthy projects is quite extraordinary.

Senator Conroy—Auditor-General's recommendation.

Senator NASH—And now I am finished, thank you, Chair.

CHAIR—Thank you, Senator Nash. I thank the officers from Local Government and Regional Development.

[5.45 pm]

Office of Northern Australia

CHAIR—Welcome, Mr Angley. We will go straight to questions.

Senator BACK—I want to start with the East Kimberley Development Package, which I understand now has been announced. Could you give us some details as to what the fate of the funds to support that package will be, what the amount is and where they are to be expended?

Ms Foster—Senator, I can start with a broad response to that question for you. We have \$195 million for the federal government's East Kimberley Development Package. There are about 29 projects in all within that \$195 million and, as you will remember from the last estimates, it is social and community infrastructure in support of WA's Ord expansion.

Senator BACK—So would any of these funds be likely to be expended, for example, on developing market opportunities or logistics in support of export markets into the future? Is that the objective of the funding?

Ms Foster—No, Senator. It is to build social and community infrastructure within the East Kimberley region in support—

Senator BACK—Could you give us some examples?

Ms Foster—Housing, health facilities, educational facilities and some community things like, say, the arts centre in Kununurra.

Senator BACK—Presumably that funding is being matched by Western Australian contributions as well, as part of the East Kimberley development program?

Ms Foster—The Western Australian government has a similar East Kimberley program.

Senator BACK—More broadly under the terms of the Office of Northern Australia, could you give me some indication as to where you see the opportunities and the challenges are,

particularly the challenges, in developing Kimberley stage 2? Does that come under the auspices of the office? Is that the sort of area to which you are addressing yourselves?

Mr Mrdak—Sorry, Senator, but when you say Kimberley stage 2 do you mean Ord stage 2?

Senator BACK—Ord stage 2; I apologise.

Mr Mrdak—The infrastructure in the Ord stage in terms of the development of the water and the land release are really matters for the WA government.

Senator BACK—Yes, they are.

Mr Mrdak—The partnership with the federal government, as Ms Foster has indicated, is about providing the community and transport infrastructure to underpin that. Hence the Australian government has settled on a package of, as she has indicated, upgrades to the Kununurra airport, Wyndham port and community social housing, education, health facilities—

Senator BACK—So the upgrade to the Wyndham port—sorry to interrupt you—is something within the auspices of this project?

Mr Mrdak—That is right. Perhaps, if I just give you some of the projects which are being funded, you will get a sense of those. Projects funded include the Wyndham port facility upgrade; Kununurra airport upgrade, airport terminal and patient transfer facility; education and training, which includes upgrades to the Kununurra Primary School and the district high school; the community library; and then health facilities. So it is a mix of ensuring that the future workforce for the region as well as existing residents have upgraded facilities, which are, as you know better than us, so critical to getting workforce into that area.

It is underpinning both the future workforce for the region to support the expansion of the Ord as well as the existing resource and other developments taking place in the region, as well as, as you mentioned, some of the freight and logistics which are going to be necessary for expanded growth of the region. So it is a package which underpins the agricultural and water developments which the WA government is looking to do.

Senator BACK—Certainly. In terms of that \$195 million, is that it? Presumably that is this financial year, 2009-10?

Mr Mrdak—No, that is the total commitment by the Commonwealth government over two financial years.

Senator BACK—Okay. With regard to the actual administration of that funding, is that being handled by the Western Australian government or is it—

Mr Mrdak—It is a mix of project developments. Some of the projects are being done through the WA government, and they are subject to negotiations that we are currently having with the Western Australian government. Other projects are being delivered by local government in the region, and we have now put in place—and Mr Anglely may wish to comment—six agreements with the shires. They are actually delivering some of those projects themselves, but others will be developed. Mr Anglely might want to give you the breakdown of what is being delivered by the shires vis-a-vis the WA government.

Mr Angley—The Western Australian government is responsible for delivering 21 of the 29 projects. The Shire of Wyndham-East Kimberley is delivering six of the projects. They are the Wyndham pool refurbishment, the patient transfer facility at Kununurra airport, the hostel oval in Kununurra, the Wyndham Picture Gardens project, the Wyndham community jetty and the upgrade of the Kununurra airport. There are two other projects with which we are dealing directly with two separate organisations, so those are the 29 projects.

Senator BACK—In terms of the integrity of the process, would your office undertake some audit process to ensure that the funds are being expended according to contractual arrangements?

Mr Angley—Yes. The Prime Minister and the Premier of WA signed a national partnership on this specific package of the 21 projects being carried out by the WA government, and there is a series of recognised milestones in there that we will seek proof from the WA government about. They will offer us evidence of that. Once we check that, we will make the next payment as part of the contract.

Senator BACK—Thank you. If I can go away from that particular exercise for a moment, recently a group of us attended in Broome, in the West Kimberley, an Indigenous business forum over two or three days which I think had federal government support. Do you have funding under the office to actually support business start-up activities or investigations of business opportunities for Indigenous community members? We happened to be looking at projects such as wild plums et cetera from the horticultural point of view. We also were looking at some of the fire abatement stuff that is happening successfully in West Arnhem Land to see whether that has application in the Kimberley. Does the office have an oversight role or any sort of a functionality there?

Mr Angley—The answer directly to your question is no, but our role is to build the links between the Australian government and Northern Australia. In issues like that, if we get involved it is often to bring together the relevant part of the Australian government with those particular types of projects. But we do not have our own funding for that kind of work.

Senator BACK—So how would they source access to your expertise in that area? How would groups do that?

Mr Angley—Often through direct contact with us. We take every opportunity to publicise our existence and what our role is. Also, our parliamentary secretary, Gary Gray, visits across the whole of Northern Australia regularly, as we do when we have the opportunity. For example, we attended some of the Regional Development forums in North Queensland recently and some in northern Western Australia and that kind of work. But often those organisations have already had some contact directly with probably the relevant Australian government organisation.

Ms Foster—Senator, we may also have the capacity with the Regional Development Australia network to support bringing together people across communities to further, for example, Indigenous business outcomes.

Senator BACK—Does your office interact at all on community health issues, or is that purely within other portfolios?

Mr Angley—Again, it is a similar answer to the previous one in the sense that we do get involved with health issues but in reality the Department of Health and Ageing here in the Commonwealth and the relevant state department of health would be the direct contacts on those, but sometimes it is because we are in the area or had some other reason for being there, and we would make the link between those if necessary.

Senator BACK—Thank you. Those were the questions I had. I defer to others.

Senator IAN MACDONALD—Owing to the fact that the committee is running grossly in advance of time I have missed a previous program, which was very much related to this, I wonder if the committee would allow me to put some questions on regional development generally?

CHAIR—On notice? Absolutely.

Senator IAN MACDONALD—No, verbally, if there is anyone still here able to answer them, and I think there will be. I think the secretary will be able to do that.

CHAIR—Senator Macdonald, normally I do not do it, but as you have asked so nicely and we have nothing better to do for the next five minutes.

Senator Conroy—He has not renamed the airport for me yet.

Senator NASH—So we are back to Regional Development Australia?

CHAIR—Are the officers still in the room? Ms Foster is here.

Ms Foster—I said that they could go home once they had finished.

CHAIR—Shall we see how we go?

Senator NASH—I am sure Ms Foster will be able to assist Senator Macdonald.

CHAIR—It is no fault of the officers.

Mr Mrdak—We will assist you as best we can, Senator.

Senator NASH—And I am sure you will be able to.

Senator IAN MACDONALD—They may well have already been asked. If they have, I am sure someone will tell me and I will be happy with that. I am just interested in Regional Development Australia. There have been some announcements of new Regional Development Australia groupings and personnel and the appointment of chairmen. There does not seem to be any for Queensland. Can someone just explain that?

Ms Foster—My understanding is that the Queensland committees are yet to be announced.

Senator IAN MACDONALD—Yes, I told you that, but is there any—

Senator Conroy—We are confirming that you are correct.

Ms Foster—I am sorry, I thought you were asking—

Senator IAN MACDONALD—No. Is there any reason for that? There have been a lot announced in other less important states of Australia. Sorry, there was one in Queensland.

Senator Conroy—Name them, Senator Macdonald.

Senator IAN MACDONALD—Of the area consultative committee appointments, eight were made in Western Australia and one in Queensland. Appointments were made for the ACT, NT, Tasmania and 14 were made in New South Wales, but there is nothing for Western Australia or Queensland—the two most important states.

Ms Foster—We have been working through each state—not quite in turn—but, as we have been finalising arrangements with the states, we have progressed through all of the processes that we need to get the RDAs set up. New South Wales, as you know, was the first cab off the rank. It was the first MOU that we had signed and I think the first set of committees we announced. I understand that Queensland is actually very close to announcement and we can expect those announcements very shortly.

Senator IAN MACDONALD—Okay. The North Queensland Area Consultative Committee, with which I am personally familiar, and I think others in Queensland have been closed down for four or five weeks already. Staff have gone and are desperately looking for work in a difficult labour market in North Queensland, I would have to say, with 17 per cent unemployment in Cairns. But no appointments have been made and we do not even know who the chairman is going to be.

Ms Foster—As I said, I think the announcements on that are going to be made very shortly.

Senator IAN MACDONALD—Okay. So you are close to finalising those people who will comprise Regional Development Australia?

Ms Foster—That is correct, Senator.

Senator IAN MACDONALD—They being what? Selected by the department? By the minister? By the state government?

Ms Foster—We run a process of expressions of interest for all of the committee chairs and deputies, at least, and then put forward those applications to either our minister or Parliamentary Secretary McKew and they are considered jointly by the relevant state or territory minister and federal minister, or parliamentary secretary.

Senator IAN MACDONALD—Perhaps I am then jumping the gun, but can you tell me how they are going to work in Queensland in view of the fact that in Townsville and Cairns there are already very well-established, privately financed—and by ‘privately financed’ I mean several local authorities and state government corporate entities are funding them—very important and successful effective regional development organisations already in existence there? Are they going to be part of this process or are we going to set up a competing organisation?

Ms Foster—What the RDAs will do is work to bring together, consult with and engage across all sectors of the community. So where, for example, as in Queensland, there are semi-private bodies of the sort that you talk about, it would be my expectation that the RDAs would engage constructively with them. Our advice to the RDAs is that we are not looking for them to duplicate the work that is being done either by state bodies, with which they are now joined where those state bodies existed, or by other elements within the community. It really is an

effort to bring together the various elements of the community who have an interest in furthering the economic development or the social amenities of that community.

Senator IAN MACDONALD—I appreciate there is not much that we can say except carefully chosen words to avoid saying anything, with respect.

Senator Conroy—Shortly.

Senator IAN MACDONALD—I understand you are going to do it and I really cannot pursue this much further. I do not want to pin you down, but certainly before Christmas will there be announcements? We have been waiting. It was going to be announced before the end of July and then by the end of August and then by the end of September. We are now at the end of October. Can you indicate or can you not indicate that?

Senator Conroy—Shortly. I think that is the best answer, because it is accurate.

Senator IAN MACDONALD—Yes. So that means before Christmas?

Senator Conroy—I would hope that—my understanding is not perfect. I would be surprised if it took until then.

Senator IAN MACDONALD—Okay. Thank you for that assurance. There are many people anxiously waiting. Did the minister consider simply funding existing boards like, as I say, Townsville Enterprise, Advance Cairns, the Mount Isa to Townsville economic development zone, or whatever it is called—MITEZ?

Senator Conroy—I am happy to take that on notice and see if the minister has anything to add.

Senator IAN MACDONALD—Okay. Senator Nash, did you say that you had asked a series of fairly standard questions?

Senator NASH—Just very standard questions on the RDAs, yes.

Senator IAN MACDONALD—And on regional development generally?

Senator NASH—No, I think you should ask and I will certainly tell you if I have already asked it.

Senator IAN MACDONALD—If people cannot answer this, I will put on notice a series of local government questions, assuming that you did not ask.

Senator NASH—No, I did not do local government.

Senator IAN MACDONALD—I will put on notice a series of local government questions. Are you able to tell me what proportion of the \$800 million of funding under round 1 of the Regional and Local Community Infrastructure Program has actually been delivered to local communities? Or is that not your area? Would you please tell me if it is not.

Ms Foster—Yes, I can, Senator. As you will recall, there were two components to the \$800 million: \$250 million, which was a direct allocation—

Senator IAN MACDONALD—Yes.

Ms Foster—So that money was all provided to councils last financial year.

Senator IAN MACDONALD—Yes.

Ms Foster—Of the \$550 million program, the competitive program, we have paid \$240 million already and we expect to start paying the next tranche of payments against milestones this month.

Senator IAN MACDONALD—That is \$240 million out of the \$550 million of the second. How many funding agreements have actually been signed by councils as part of that \$240 million?

Ms Foster—Of the \$250 million, Senator?

Senator IAN MACDONALD—No, the \$240 million of the \$550 million.

Ms Foster—That covers 137 projects. So there were 137 projects funded under the \$550 million program.

Senator IAN MACDONALD—But how many funding agreements?

Ms Foster—We have 137 funding agreements.

Senator IAN MACDONALD—They have all been signed, have they?

Ms Foster—They have all been signed. They were all signed earlier this year and all of them received an initial payment.

Senator IAN MACDONALD—So \$240 million of the \$550 million has gone to local councils under the RLCIP program?

Ms Foster—Under the \$550 million component?

Senator IAN MACDONALD—Yes.

Ms Foster—Yes.

Senator IAN MACDONALD—How soon after funding is provided are councils required to commence and perhaps conclude? Are there requirements on when they have to start and when they have to finish?

Ms Foster—Yes, there are, Senator. We are probably going into a level of detail that I would need my program manager for. The funding for the \$250 million program finishes in this financial year, as does the \$550 million program.

Senator IAN MACDONALD—So they have to be completed by 30 June 2010. Is that what you are you saying?

Ms Foster—Certainly that is true of the \$250 million program. Our appropriation is for this financial year.

Senator IAN MACDONALD—How is that going?

Mr Mrdak—I was just going to add, with the \$550 million program they have to start within six months of contract signature.

Senator IAN MACDONALD—And finish?

Mr Mrdak—I will take that on notice. I think they have a little bit more time left. It depends on the project.

Senator IAN MACDONALD—The \$250 million, the top section of that program, those have to be started and completed in—

Mr Mrdak—It all had to be completed by September this year.

Senator IAN MACDONALD—Is the money paid as the work is done or is it paid upfront?

Ms Foster—In the case of the \$250 million direct allocations that was all paid upfront.

Senator IAN MACDONALD—And it has all been paid?

Ms Foster—It has all been paid and the councils acquit that funding through an auditable statement process on completion.

Senator IAN MACDONALD—Did the department undertake an independent viability assessment of any of the successful projects under either program?

Ms Foster—We did undertake internal viability assessments of the projects that were successful under the \$550 million program.

Senator IAN MACDONALD—Those were done internally, you say?

Ms Foster—Independently, not internally.

Senator IAN MACDONALD—Who paid for those assessments?

Ms Foster—The department had money appropriated to administer the program and we used that funding to pay for the contracted assessments.

Senator IAN MACDONALD—How much of the \$800 million was appropriated towards administration, or was that on top of that?

Ms Foster—It was on top of the \$800 million, and I do not have that figure.

Senator IAN MACDONALD—Perhaps you could let me have that on notice. Who did those assessments?

Ms Foster—We used two companies. Again, I do not think I have the details to hand.

Senator IAN MACDONALD—It might be helpful to all of us if I put these questions on notice. Some of them you have answered but they flow in a certain way. I shall also put on notice, in view of the time, questions I have on local government. I think the questions on notice are a bit more comprehensive than they would have been had I actually asked them. Can you tell me about the Local Government Reform Fund? Is that within anyone's knowledge who is here?

Ms Foster—It is a \$25 million fund which the Prime Minister announced on 25 June this year. It has been established to provide assistance with the implementation of asset and financial management frameworks by local government to support and encourage collaboration to build capacity and resilience in local government and to improve the consistency and quality of local government data. In essence, it is to support councils with core capability building.

Senator IAN MACDONALD—How do councils get their hands on this?

Ms Foster—We are going to run it as a competitive process. We have developed and published a set of guidelines for the kinds of efforts we are trying to support and what kind of information we need provided to us to make that assessment. It will be the state governments that put forward the proposals to the department in consultation with the state local government association. We have had quite extensive discussion with the steering committee of the Australian Council of Local Government, ALGA, and the state local government departments about those guidelines over the preceding months.

Senator IAN MACDONALD—Do you expect that the states will all have their applications in by the 30 November deadline?

Ms Foster—We do.

Senator IAN MACDONALD—Can you give me an example of the types of projects that the \$1 million data component might be allocated to? What is envisaged by that?

Ms Foster—One of the challenges in establishing priorities for capacity building in local government is actually having a common understanding of what the issues are across local government. This money that we are assigning to data collection is to try to assist with that. I cannot bring to mind anything specific.

Senator IAN MACDONALD—The Australian Council of Local Government had its second meeting in June 2009. What is the cost of staging that event? Do you have that figure handy or can you get it to me on notice?

Mr Mrdak—We will get it for you on notice, if that is okay.

Senator IAN MACDONALD—You might tell me whether the figure included the welcome dinner on 25 June 2009. Could you also tell me now or on notice when the next meeting is to be? Has a date been set and a venue been set?

Ms Foster—We intend to hold it in the middle of next year in conjunction with ALGA's national conference.

Senator IAN MACDONALD—So it will be in Canberra?

Ms Foster—It will likely be in Canberra, yes.

Senator IAN MACDONALD—Thank you. I have some questions on FAGs which I will put on notice. The Centre of Excellence for Local Government has \$8 million in funding. Has that funding been provided to the successful institution and do we know the successful institution?

Ms Foster—Yes we do, Senator. It was a consortium led by the University of Technology, Sydney.

Senator IAN MACDONALD—Has that been paid over yet?

Ms Foster—I believe it has but I would have to check and confirm that.

Senator IAN MACDONALD—Can you tell me what the main conditions are attached to that funding? What are the guidelines of the program? Perhaps you can take that on notice. Can you tell me what the life span of the centre of excellence is to be? Is it just for the five years covering the strategy time?

Ms Foster—The funding is provided over five years, but the centre of excellence has as one of its core objectives to establish itself on a sustainable basis past five years.

Senator IAN MACDONALD—Do you anticipate that it will become self-funding after that?

Ms Foster—Our objective, as is the centre's, is that it will establish a role which will allow it to become self-funding.

Senator IAN MACDONALD—Do you have details on the percentage of local government projects under the national building program that have been completed?

Ms Foster—I do have some of those details.

Senator IAN MACDONALD—Could you give those to me, then? What percentage of projects under the national building program have been completed to date?

Ms Foster—In terms of the \$550 million component, as I have said, we have entered into contracts with 137 and those projects stretch out over the next year, so none of those are yet completed.

Senator IAN MACDONALD—None have been completed yet?

Ms Foster—To my knowledge. In terms of the \$250 million program, we are scheduled to get the final reports from the councils at the end of November but, based on their projections at our last report midyear and on the work we have done with them since that time, we estimate that a bit over 85 per cent will have been completed by the end of September and that the vast majority—all but, say, about one per cent—will be completed by the end of this calendar year. But we will be in a better position to know that—to have more specific figures—at the end of November.

Senator IAN MACDONALD—There is the \$120 million strategic projects program. Is that part of the \$800 million program?

Ms Foster—Senator, currently we have running the \$250 million direct allocation and \$550 million strategic projects program. The government has just announced further funding for the RLCIP. \$100 million of that is direct allocation and \$120 million is for strategic projects, so akin to the \$550 million program.

Senator IAN MACDONALD—Who actually assesses those programs? Is it all competitive? You all bid for it?

Ms Foster—Local governments are able to bid for that against specific guidelines which are published on the web and they come to the department for assessment.

Senator IAN MACDONALD—And you make recommendations to the minister?

Ms Foster—Yes, Senator.

Senator IAN MACDONALD—Have recommendations been made so far?

Ms Foster—No, Senator, because the \$120 million program opens for bids shortly and closes in the middle of January next year.

Senator IAN MACDONALD—And will be allocated shortly thereafter we expect, would they?

Ms Foster—One would expect, Senator.

Senator IAN MACDONALD—Perhaps this is a question not on notice but in advance for next year's estimates, assuming we have a next estimates—

CHAIR—Do you know something I do not?

Senator NASH—I came in at just the right moment.

Senator IAN MACDONALD—I am very keen to test certain major projects that are being discussed and I think the electorate would be a good one to decide on those. Perhaps there might be some changes. When the projects are announced, could you just put in brackets after each recipient which electorate they are in?

Senator Conroy—I am not sure that the department is in a position to do that. I am not sure it is work that they have done or would normally do, Senator Macdonald.

Senator IAN MACDONALD—Could I ask the minister's office to assist in future when he makes the announcement just to put in brackets which electorate the council is in that receives the—

Senator Conroy—I will take that on notice. Yes, you can ask that.

Senator IAN MACDONALD—There are quite a number of other questions in those areas that I will put on notice. I will try to cross out a few that we perhaps have gone through. Going on to where we were with Northern Australia, I did try to ask this this morning but in a different context. I will try again. When it comes to development issues in Northern Australia, is Mr Gray the signing-off minister, is it Ms McKew, or is it neither?

Mr Mrdak—Mr Gray has responsibility, Senator, for programs such as the East Kimberley projects. That is his program. He also has overall responsibility for the Office of Northern Australia and the government's coordination of activities across Northern Australia.

Senator IAN MACDONALD—Define 'regional development' however Ms McKew understands it from her portfolio area, but insofar as regional development of Northern Australia goes, who is the relevant minister? Is it Mr Gray or Ms McKew?

Ms Foster—It is Ms McKew, Senator.

Senator IAN MACDONALD—So what does Mr Gray actually do in relation to Northern Australia, apart from administer the office which has eight people in it?

Senator Conroy—We can get you any further information that is available. I am sure it is all up on the public website. We can get you any further information and refer you to the relevant website.

Senator IAN MACDONALD—Minister, Mr Angley is here. He is the man in charge. He might be able to assist without taking that on notice, perhaps. I am sure Mr Mrdak would be able to assist. It sounds like it would not take very long to answer, because if Ms McKew does all the regional development stuff and Mr Albanese does all the Infrastructure Australia stuff, it seems Mr Gray is left with the administration of an eight-person office in Townsville and a five-person office in Darwin or somewhere. Would that be right?

Mr Mrdak—As I said this morning, Mr Gray has overall carriage of Northern Australia issues. Senator Back mentioned earlier a recent initiative of the government in relation to employment related to resource projects in WA. Mr Gray has responsibility for that work, and that work is being coordinated and done through the employment portfolio. So he has very much a senior government role of bringing those areas together which impact on WA and Northern Australia. So where there is that particular focus, he has responsibility for the Northern Australia task force, the East Kimberley package and matters affecting Northern Australia more broadly. If it is in relation to regional development, as Ms Foster said, Ms McKew has program responsibility for the Regional Partnerships program and the Better Regions Program. Obviously where there are matters dealing with Northern Australia she works quite closely with Mr Gray in relation to those development issues.

Senator IAN MACDONALD—But the Kimberley package that Senator Back asked you about—and I will not waste the time of the committee by asking you to explain that to me again; I will read *Hansard*—you said is in the employment portfolio.

Mr Mrdak—The East Kimberley package is within our portfolio. The employment portfolio has responsibility for a recent government initiative in relation to employment around the development of the Gorgon and other resource projects in WA and Mr Gray has been asked to lead that task force in relation to employment issues.

Senator IAN MACDONALD—But the funding comes from the department of employment?

Mr Mrdak—That is supported by the employment portfolio.

Senator IAN MACDONALD—Okay. And funding for the East Kimberley package—and, as I said, I do not want you to go into any detail—comes through your department?

Mr Mrdak—That is correct, the \$195 million.

Senator IAN MACDONALD—Is that a reannouncement of the Ord River development moneys?

Mr Mrdak—It is the community and supporting infrastructure for the East Kimberley region, which would support the WA proposal for an expansion of the Ord development.

Senator IAN MACDONALD—I forget when it was, but some months ago Mr Rudd announced a \$200 million expansion of the Ord River scheme which was duplicated or perhaps precipitated by the West Australian government's allocation of some similar figure to the Ord River. Is this the \$195 million East Kimberley package?

Mr Mrdak—That is correct. It was announced in the federal government's intention to support the WA proposal for the work but broader than just the Ord. This is about providing infrastructure for the East Kimberley region to support existing and future jobs and community facilities. The initial federal government package was announced in December as part of the initial fiscal stimulus package, the nation-building package. Then the partnership agreement was signed between the WA Premier and the Prime Minister in early July this year.

Senator IAN MACDONALD—So this is not for digging channels; it is for social infrastructure?

Mr Mrdak—It is social and transport infrastructure. There are 29 projects under the package which is being funded by the Commonwealth government and they range from an upgrade at Wyndham Port and an upgrade of Kununurra airport, right through to medical, health and also education facility upgrades. It is upgrades of the local primary and high schools; it is upgrades of the community health facilities; and it also provides social housing and community housing in the East Kimberley region to support workforce and Indigenous communities.

Senator IAN MACDONALD—I assume that is written somewhere. If not, can you quickly give me the details of those 27 projects?

Ms Foster—All of those projects were announced and listed on 3 July. There was an announcement which—

Senator IAN MACDONALD—3 July this year?

Ms Foster—That is right.

Senator IAN MACDONALD—Since the last estimates. Could you perhaps just—

Mr Mrdak—We would be happy to give you a list of those.

Senator IAN MACDONALD—You mentioned that one of the other things Mr Gray does is look after the Northern Australia Land and Water Taskforce.

Mr Mrdak—That is correct.

Senator IAN MACDONALD—But that is funded through the department of environment; is it not? Is that correct?

Ms Foster—It was formerly funded by the department of environment, but that funding was transferred to our department last financial year I believe, Senator.

Senator IAN MACDONALD—Is that right? Are you confirming that?

Senator Conroy—I am sure Ms Foster is right.

Senator IAN MACDONALD—I thought Mr Anglely was saying something.

Ms Foster—He did. He whispered in my ear, ‘That’s right, Stephanie.’

Senator IAN MACDONALD—I was not doubting you for a moment, Ms Foster.

Senator Conroy—I had every confidence she was completely correct.

Senator IAN MACDONALD—When did that happen?

Ms Foster—Last year.

Mr Anglely—It was announced in March 2008 and confirmed in the budget of May 2008.

Senator IAN MACDONALD—That the funding now comes through—

Mr Anglely—It was moved from the assessment—

Senator IAN MACDONALD—This is the \$2 million?

Mr Anglely—No. The \$2 million was the election commitment for the Office of Northern Australia. Then some \$700,000 to \$800,000 was moved from the water assessment project

that is going on in the department of environment. The task force was moved with its funding to the Office of Northern Australia.

Senator IAN MACDONALD—So it is a total of \$3.5 million?

Mr Anglely—It was last year.

Senator IAN MACDONALD—What is it this year?

Mr Anglely—The office budget this year is \$2.9 million.

Senator IAN MACDONALD—The \$20 million allocation from the previous government towards the Northern Australia futures assessment continues to be administered by the department of the environment; is that correct?

Mr Anglely—Yes, it does, apart from the small amount that was moved across with the task force.

Senator IAN MACDONALD—So Mr Gray looks after the Northern Australia Land and Water Taskforce and the budget of \$2.9 million this year?

Senator Conroy—I am sure you would agree they are all very, very important responsibilities.

Senator IAN MACDONALD—Mr Gray seems to be a good man.

Senator Conroy—A very good man. I am confident you would like him.

CHAIR—He does like him. Every time he goes to ‘Friends of the Office of Northern Australia’ Senator Macdonald always says that. He speaks highly of Mr Gray.

Senator IAN MACDONALD—Indeed. You could have let me say that, Senator Sterle. You have taken the words out of my mouth. I just wonder why he is being so sidelined for a man—

Senator Conroy—I think he has enormous responsibilities. We have just been discussing them.

Senator IAN MACDONALD—He has just had regional development taken off him in the last reshuffle and been given Western Australia, which he represented anyhow. That seems a bit odd because he is a good man. I do not want that to be quoted in an election context, mind you.

Senator Conroy—‘Senator Macdonald endorses Gary Gray, the member for Brand.’

CHAIR—We will not use it—much.

Senator IAN MACDONALD—That is interesting, because I see that the media release that came out on the work being done in Northern Australia by the land and water task force was actually announced by a Dr Mike Kelly. Where does he fit—

Senator Conroy—Another good man.

Senator IAN MACDONALD—I take your word for it. I would not know him if I fell over him. I suspect he would not know me if he fell over me.

Senator Conroy—I do not think you could fall over him. He is a little hard to bump into accidentally.

Senator IAN MACDONALD—Why is he announcing and commenting on matters that I assume from what you have just told me are Mr Gray's responsibility?

Mr Angley—Senator, that announcement that you are talking about there—

CHAIR—I am sorry, Mr Angley, but we must make this the last question because we are going to a dinner break.

Mr Angley—This is the Northern Australia Sustainable Yields Project report that he released. That is a CSIRO report. He released that in his other portfolio role.

Senator IAN MACDONALD—But isn't that the work that is being done by the Northern Australia Land and Water Taskforce?

Mr Angley—No.

Senator IAN MACDONALD—I notice Mr Joe Ross, the chairman of the task force, had a bit to say about it.

Ms Foster—Senator, it is one of the inputs which will inform the land and water task force, but it is actually CSIRO work.

CHAIR—On that, Senator Macdonald, we will go to an hour's break and you will have the call when we come back at 7.30 on the dot.

Senator IAN MACDONALD—Seriously, I have a maximum of five minutes.

CHAIR—And that is it for the Office of Northern Australia?

Senator IAN MACDONALD—That is it for the office.

Senator Conroy—You are now running us over time. You are indulging Senator Macdonald and you are now running us over time.

Senator IAN MACDONALD—It does not matter to me, but I think it seems silly to bring the officers—

CHAIR—No, that is common sense.

Senator Conroy—The committee will indulge you again. I do not want to hear another complaint for the rest of the night.

CHAIR—Minister, I do not say this very often, but if you shush we will get through the questions and get to tea.

Senator IAN MACDONALD—When is the task force likely to deliver its next report, the first report simply being a rehash of what Senator Heffernan had written in the good old days?

Senator Conroy—If he hears this and comes back, you will be in trouble.

Ms Foster—Senator, that was the midterm report for this task force. Its final report is due to government in December this year.

Senator IAN MACDONALD—Dr Kelly is in which group?

Mr Angley—One of his roles—

Mr Mrdak—He is the Parliamentary Secretary for Water.

Senator IAN MACDONALD—So that is climate change and water?

Mr Angley—Yes.

Senator IAN MACDONALD—I should have asked about this last night. His media release highlights some things in relation to the report 'Water in northern Australia' which, as I said, I thought would have been Mr Gray's announcement. I am sure if Mr Gray had announced it he would not have highlighted these issues which are quite clearly inaccurate. Did the Office of Northern Australia have any input into Dr Kelly's comments on the CSIRO report, an assessment of which I think will show are highly inaccurate and misleading?

Ms Foster—Not to my knowledge, Senator.

Senator IAN MACDONALD—You do not know if Mr—

Ms Foster—I do not believe anyone in our department contributed to Dr Kelly's press release.

Senator IAN MACDONALD—Can you tell me if the Office of Northern Australia has had a look at the CSIRO report and whether they would come to the same conclusions that Dr Kelly seems to have come to? Perhaps that is a provocative way of saying it.

Senator Conroy—Yes, you might want to rephrase the question.

Senator IAN MACDONALD—Perhaps I should just say: has the Office of Northern Australia had a look at the CSIRO report?

Mr Angley—Yes, Senator.

Senator IAN MACDONALD—Would you assess from this comment, 'Despite popular perceptions that Northern Australia has a surplus of water, the climate is extremely seasonal and landscape may be described as annually water limited,' that that was the main result from that report?

Ms Foster—Senator, I do not think we have the expertise to comment on the minister's press release.

Senator IAN MACDONALD—There are five statements as a result of this major study. Any of us who live in the north know that it does not rain 24 hours a day, 365 days a year. For that to be set out as the first dot point finding, 'Northern Australia has little or no rain for three to six months a year,' I hope we did not pay CSIRO to tell us that.

Senator Conroy—I appreciate you are asking and answering your own questions, Senator Macdonald. I just wondered if you had one because I am getting a bit peckish and your five minutes are almost up.

Senator IAN MACDONALD—I am conscious of that. Perhaps I cannot take it much further. Just quickly, in terms of staffing in the Office of Northern Australia, is there any change from May?

Ms Foster—In essence, no.

Mr Angley—No, Senator.

Senator IAN MACDONALD—I regret to say that there is not a great deal more I can ask, except perhaps just this. What has either the task force or the office done to promote the potential of Northern Australia in the minds of Australians? What has either the task force or

the office done to further the role of Northern Australia in addressing the issue of food security, which many would say is a bigger issue than climate change?

Mr Angley—On the first question, there is a general relationship where one of the major roles of the Parliamentary Secretary for Western and Northern Australia is to promote sustainable development issues in Northern Australia. He visits Northern Australia quite a bit on a lot of those projects. We, as staff of the Office of Northern Australia, have attended and talked to a lot of different groups in Northern Australia, including in WA, Northern Territory and Queensland. On the issue of food security, we have not got a comment on that, but probably the task force report will contribute to that whole debate.

Senator IAN MACDONALD—Thanks, Mr Angley, Ms Foster, Mr Mrdak and thanks, Minister.

CHAIR—I thank the officers of the Office of Northern Australia, who can now go home for the night. We will come back at 7.40 pm with aviation and airports.

Proceedings suspended from 6.36 pm to 7.39 pm

CHAIR—I welcome everybody back. We will commence with questions on aviation and airports. Senator Nash.

Senator NASH—Thank you very much, Chair. I have some questions around the Canberra airport master plan. Am I in the right spot for that one?

Mr Doherty—Absolutely.

Senator NASH—On 28 August 2009 Minister Albanese approved the draft 2009 Canberra Airport master plan, giving the green light for the 24/7 freight hub in Canberra. The plan is almost indiscernible from the previous version. Can the officials advise the committee of the significant elements that comprise the Canberra airport master plan as approved by the minister in August this year?

Mr Doherty—The master plan is a standard document for all of the airports, which basically sets out the pattern of use of the airport site for the next 20 years. The Canberra airport master plan sets out the precincts on the airport and how the airport proposes to use them. It reflects the existing development, the alignment of the aeronautical infrastructure and what they propose to do with the land. It also includes documents relating to the operational implications of the use of the site.

Senator NASH—How does the August 2009 master plan differ from the master plan that the minister rejected in November 2008? How much difference was there between the two plans?

Mr Doherty—There was significant extra detail about the proposal.

Senator NASH—Can you generally expand on that detail now, or would you like to take that on notice and provide it to the committee?

Mr Doherty—With Ms Gosling, I can certainly provide additional information about some of the areas which the airport strengthened following the rejection of the initial master plan.

Senator NASH—Okay.

Mr Doherty—You mentioned the freight hub operations. There is significantly more information in the new master plan about the proposal in relation to the freight hub.

Ms Gosling—The master plan that was approved this year has significantly more detail, particularly in relation to the land use planning arrangements. There are more detailed maps and more spatial information in relation to individual precincts on the airport in terms of proposals that the airport has planned for particular sections. There is also more detail in relation to their development objectives. In relation to the key areas—Mr Doherty mentioned the freight hub—information has been significantly expanded, and also the land use.

Senator NASH—How many submissions were made in relation to the draft 2009 plan?

Ms Gosling—I do not have that information here. I will attempt to get it, if I can, to give to you shortly.

Senator NASH—Okay.

Ms Gosling—I would be guessing, from memory, how many there were.

Senator NASH—If you have officials here that might be able to find that for us during the course of the evening, that would be really useful. If not, take it on notice. Perhaps they could also break it up into how many of those submissions were in support of the plan and how many were not in support of the plan.

Mr Doherty—I am not sure that we can give you that information, because these submissions are made to the airport, commenting on aspects of the draft plan as it is published for consultation. The nature of the submissions is likely to be that it will focus on a specific element and indicate that the person submitting would like that to change.

Senator NASH—All right.

Mr Doherty—They would not normally make a comment necessarily on the whole of the plan.

Senator NASH—Comment about the plan in general? All right. As far as is practical, if there is a certain element of the plan being discussed that they are either supportive of or not, that would obviously fit with the overall plan.

Mr Doherty—Certainly. We may be able to identify the main areas where the comments went.

Senator NASH—That is fine. I understand it might be difficult.

Mr Doherty—Absolutely.

Senator NASH—In one of the minister's November 2008 releases he highlighted community concern as one of the reasons for rejecting the 2008 draft master plan, and I will quote it for you so that it is on the record:

Many members of the community raised concerns about the proposal for a freight hub, for example, and the airport's response has not adequately addressed the substance of their concerns. The public should be advised of the potential truck, plane and machinery noise they might face if the freight hub proposal develops as significantly and rapidly as suggested in the 2008 draft master plan.

How did Canberra airport address the community concerns and how did officials advise the minister to accept the plan in relation to what he had said earlier about the difficulties with those community concerns?

Mr Doherty—We believe the revised plan is up on the Canberra airport website now. It shows a much more staged approach to the development of the freight hub. The number of movements forecast in the next three to five years was much reduced from some of the figures that were the cause of concern and, equally, the number of truck movements which would then flow from that was much less than may have been—

Senator Conroy—Canberra airport is the single largest donor to the Liberal Party in the ACT. These are the same people—are they not?

Senator NASH—I am just trying to get—

Senator Conroy—No, I just wanted to clarify it.

Senator NASH—There is no need to clarify, Minister.

Senator Conroy—I just wanted to double-check.

Senator NASH—I am just generally trying to find out some information about the Canberra airport.

Senator Conroy—Nothing has changed? It is still the same—

Senator NASH—It is actually my home airport—I have to drive two hours to this airport; it is my closest airport—so I am quite interested in how it all works. Can you give me any idea of the type of aircraft that is going to be used for the night freight that will deliver into the Canberra hub?

Mr Doherty—I think the largest of the aircraft that will be used will be a 737 size.

Senator NASH—Do you have any idea at this stage how many, on a nightly basis, would be expected to land and take off in the hub and is there any view that that might change in the longer term?

Mr Doherty—I need to clarify that my comment then was about these initial stages which they identify in the master plan. I think the number of movements that they were indicating was in the nature of five or six aircraft per evening, so an arrival and a departure.

Senator NASH—Just to clarify, over what period of time? Is that between a certain hour and a certain hour?

Mr Doherty—Yes. I think the pattern had tended to have the aircraft arriving around midnight—that sort of area—and then departing some several hours later.

Senator Conroy—Midnight till three o'clock?

Mr Doherty—Something like that. By the nature of a hubbing operation, you would tend to have aircraft arriving, redistribution of the freight and then departing.

Senator NASH—So six movements.

Senator Conroy—What is your suburb? Where do you live in Canberra? We'll just have to make sure it goes over your suburb!

Senator NASH—Minister, do you want to hop over this side and ask some questions?

Senator Conroy—No, I am just interested. I am fascinated by—

Senator NASH—I would suggest—

CHAIR—If you don't be quiet, I'll put you on the naughty mat!

Senator NASH—You have all the access you need to the departmental officials, Minister, and I only have a few minutes, so perhaps if I could just ask my few remaining questions.

CHAIR—Yes, you can. Feel free.

Senator NASH—Thank you very much, Chair. In relation to those six movements, I understand there are three planes in and out over the three hours.

Mr Doherty—Do not hold me directly to three planes. It was a matter of a handful of planes.

Senator NASH—Yes, but I think you said six movements.

Mr Doherty—I thought it might be slightly more than that in their longer term strategy. I think they were initially starting off with something like two to three aircraft but notionally moving to five reasonably quickly.

Senator NASH—Would you like to perhaps take on notice just to confirm those figures for us?

Mr Doherty—Yes, certainly. That will be in the document.

Senator NASH—That would be great. I think the minister just assisted you there and said between the hours of 12 and 3 am. Is that correct?

Mr Doherty—We will confirm exactly what they have in the master plan, but it does have those hours. I think the arrivals were in that period of 12 o'clock and the departures sometime in the early morning.

Senator NASH—Thank you. Was an aviation freight operations consultant involved in the preparation of the freight projections, or were those projections arrived at by Canberra airport themselves?

Mr Doherty—We had no independent advice. The proposal was in their document and I cannot comment on what assistance they had.

Senator NASH—So whether Canberra Airport has gone off and got other advice is their business. You have no knowledge of that. What sort of noise level do these aircraft have?

Senator Conroy—None!

Senator NASH—None?

Senator Conroy—Very quiet.

Senator NASH—I'll actually pay that!

Senator Conroy—737s are known for their silence.

Senator NASH—Okay, I'll pay that one. I will rephrase the question. Has any work been done by the department on the impact of the noise of the aircraft landing or taking off or has

there been any acquiring of any knowledge on the impact of the noise of the aircraft landing and taking off?

Mr Doherty—As part of the master planning process, there is the preparation of an ANEF document, which is essentially the standard way of forecasting aircraft noise.

Senator NASH—How low do they come over the houses before they land?

Mr Doherty—The flight paths in Canberra are some distance from the houses.

Senator Conroy—Especially yours.

Mr Doherty—The height that they are operating obviously changes as they approach.

Senator NASH—Right. It is very late, isn't it?

Senator Conroy—Like helicopters: they come in and drop suddenly.

Senator NASH—I do understand what you are saying, having flown in a lot. I am just trying to ascertain the likelihood of residents being woken by these planes coming in. As you say, in some areas they will be higher, in some areas they will be lower as they descend. Has the department done any work in ascertaining the likely impact on households of those aircraft coming in?

Mr Doherty—Again, there are tools to use to identify whether an aircraft movement is likely to trigger the, I think, about 65-decibel level which is seen as significant for the possibility of waking people. On these sorts of figures, I think those areas are outside the residential areas in Canberra. That does not mean that people do not hear aircraft.

Senator NASH—That is true. I understand that. Obviously, when you were looking at this master plan you must have had a look at the areas that, in your view, would be affected or not at all affected in terms of disturbing households. Can you provide for the committee any information on your deliberations on which households would not be affected to any degree by the noise? Surely you would have had to have taken that into account before you made the decision.

Mr Doherty—To put it around the other way, we can provide I think from the plan an indication of the areas where it shows that noise is forecast.

Senator NASH—That would be very useful, thank you. With the freight flown in, is there a final destination? Is all the freight coming in and going out on plane? Is it coming in on plane and going out by truck? Do you have any information around where the freight is going to go next?

Mr Doherty—The proposal in the Canberra Airport master plan would involve trucking of some freight to Sydney.

Senator NASH—Thank you, Chair.

CHAIR—Thank you very much, Senator Nash. Senator Back.

Senator BACK—Yes, thank you, Chairman. We were just having a discussion. Is change of routes into and from airports dealt with here or in Airservices?

Mr Mrdak—Airservices.

Senator BACK—Then I have only one question in Aviation and Airports and it relates to the Jandakot Airport for light aircraft, south of Perth. Rumours abound on the prospects, possibilities or likelihood of its being closed and relocated. Can anyone put to bed those rumours?

Mr Doherty—We were made aware of a proposal, going back some two or three years, that the airport or financiers had proposed. That proposal did not achieve support at the time. We have not heard that it has been actively pushed in the last year or so.

Senator BACK—What might the process be in the event that the owners did wish to proceed along those lines? What parties would be involved in the final decision?

Mr Doherty—The Jandakot Airport is one of the leased federal airports. It is on Commonwealth land.

Senator BACK—Yes.

Mr Doherty—If the land were no longer required for an airport, it would not be made available, on our understanding or on normal Commonwealth policy for land, for that airport owner to develop. It would revert to the Commonwealth and would be used for the purposes that the Commonwealth saw fit, or disposed of on a commercial basis. Basically, as we were saying, we did not see on the analysis of the Commonwealth policy that they would have the option to swap land as was part of the proposal.

Senator BACK—So the land is owned by the Commonwealth?

Mr Doherty—Correct.

Senator BACK—Therefore, the possibility or likelihood of it having a change of use in fact would have to have the endorsement and the approval of the Commonwealth?

Mr Doherty—Absolutely.

Senator BACK—Thank you. That is my only question. As I say, I would like to raise air routes and airport noise but I will raise those under Airservices Australia.

CHAIR—Thanks, Senator Back. Senator Macdonald.

Senator IAN MACDONALD—I was going to say, is this where we talk about the Stephen Conroy airport? But he is—

Mr Mrdak—If you would prefer to wait for his return—but we can talk in his absence.

Senator IAN MACDONALD—In his absence I might call it the Ian Macdonald airport! This is the area which is really my point. I have a report to say that the airport is expected to close for eight weeks works on schedule and will reopen mid-November 2009. Can you just remind me what contribution the Commonwealth made to the airport?

Mr Borthwick—The minister announced on 27 July 2009 the outcome of round 3 of the Remote Aerodrome Safety Program.

Senator IAN MACDONALD—My airport!

Senator Conroy—You're a legend, Macca.

Mr Borthwick—The Commonwealth is committing \$733,333 towards the \$2.2 million project.

Senator IAN MACDONALD—Are you aware where the rest is coming from?

Mr Borthwick—My understanding is that the Queensland government is providing \$500,000 with the balance coming from the shire council.

Senator IAN MACDONALD—This question is to the minister. Minister, you were out of the room when I wanted to talk about the Stephen Conroy airport.

Senator Conroy—I am very sorry I missed that, Senator Macdonald.

Senator IAN MACDONALD—It reopens mid-November 2009. My question to you, Minister, is: in view of your no doubt very great influence in getting this money out of this program—and no doubt you stood Mr Albanese up and made threats until he approved it—would you consider taking one of the Prime Minister's VIP fleet of aircraft in mid-November up to Karumba to be there at the official opening, taking me with you, of course? That would give you a good opportunity then to learn about the delivery of broadband services to a very remote part of Australia.

Senator Conroy—Unfortunately it will not happen, because you are blocking the bill, but putting that aside I will see if there is a VIP available, Senator Macdonald, and find out what our chances are.

Senator IAN MACDONALD—Okay. I have nowhere near as serious a question, but it is another question. Does the department believe that the current monitoring of airport services by the ACCC is sufficient to promote competition and the efficiency of the Australian airline industry?

Mr Doherty—That sounds like a policy question that we cannot comment on.

Senator Conroy—I thought it was. Maybe if you rephrased it, you might be able to find a way to ask the question, but it did sound to me like you were asking for an opinion.

Senator IAN MACDONALD—What is the current monitoring program of airport services? Could you perhaps tell me that?

Mr Doherty—In relation to the commercial practices of airports, they are subject to the normal Trade Practices Act requirements. In relation to specific monitoring of price and quality of service, that applies only to the most major airports and there are a series of arrangements for monitoring by the ACCC and reporting each year with a five-yearly review by the Productivity Commission of the system.

Senator IAN MACDONALD—Does the department receive any complaints about lack of competition at airports? Is it something you are overwhelmed with every day?

Mr Mrdak—I think it is fair to say, as Mr Doherty has indicated, that the successive governments have taken a position of price monitoring for some time. That has proved to be a very effective system for ensuring transparency of the charging regimes at the airport. The ACCC does a very good job of collecting and publishing price information. That is an important part of transparency around the price negotiations. The department does obviously become aware when airlines and airports are negotiating charges and access to facilities.

Often they are hard-nosed commercial negotiations and there are times where the parties do come to the department raising issues with each other. But I think that on the whole the judgment of the Productivity Commission, when they reviewed airport pricing in 2006, was that this has been a very effective regime and should continue with light-handed monitoring, maintaining competitive tension through the transparency of the monitoring regime.

Senator IAN MACDONALD—Is it something the department has a relevance to in the airports division?

Mr Mrdak—In developing the policy on airport price monitoring, we have certainly been heavily involved. The pricing policy around the privatisation of the airports was developed by the department along with Treasury at the time and we certainly are closely engaged in following the monitoring reports and, as I say, we do at times discuss with both parties where there are issues in relation to pricing at airports.

Senator IAN MACDONALD—Do you ever get complaints that airports these days seem to be giant car-parking revenue collection places rather than airports?

Mr Mrdak—There is no doubt there is—

Senator IAN MACDONALD—You obviously have one foot beside you, Mr Mrdak.

Senator Conroy—I enjoy driving up the Tullamarine Freeway to the airport to find all the cars parked on the side of the road.

Senator IAN MACDONALD—But at every airport you go to these days they are doing lots of work, but it just seems to me to be more facilities to charge more money for car parking and making it almost impossible these days—

Senator Conroy—You are not talking about Canberra Airport, are you?

Senator IAN MACDONALD—Minister, I could think of about seven airports that I could put into this category and I am just wondering whether you get a lot of complaints and whether there is anything the department can do about it.

Mr Mrdak—We certainly do at times get complaints from users of the airport in relation to the level of charges at some of these facilities. The government has expressly asked, and the ACCC does monitor car-parking prices, and that is published and transparent to ensure there is some discipline and transparency around car-parking charges. That is data that is actually monitored by the ACCC quite expressly. In relation to the investment, there is no doubt there has been investment by the airports in car-parking facilities, for which they do earn a sizeable return. The ACCC monitoring reports do highlight how much revenue is earned by the airports from their car parking and other non-aeronautical revenue, albeit car parking is integral to the traveller's use of the airport.

Senator IAN MACDONALD—Can you tell me the status of the airport white paper?

Mr Mrdak—It is currently being considered by the government. The minister has publicly stated his intention to release the white paper before the end of this year.

Senator IAN MACDONALD—On notice, perhaps, could you give me some idea of the costs of developing that white paper?

Mr Doherty—I can. The departmental cost has been absorbed within the cost of the division. We have a team dedicated to working on the white paper. During the process we have commissioned a number of consultancies—this is going through the green paper process last year and the white paper. The total cost of those was something less than a million dollars—\$700,000, I think, from memory.

Senator IAN MACDONALD—Would it be easy enough just to give us that on notice?

Mr Doherty—We can provide that.

Senator IAN MACDONALD—Have you conducted any cost analysis or assessments of the infrastructure required to support the efficiency of Australia's airports?

Mr Mrdak—Certainly, as Mr Doherty is indicating, the airport master planning process is really the process by which the department assesses the adequacy of the investment program that the airport owners are putting in place in relation to the leased Commonwealth airports. So, yes, we do undertake an assessment of infrastructure adequacy as part of our review of the master plans.

Senator IAN MACDONALD—Can you tell me why it is that Infrastructure Australia was identifying airport infrastructure priorities? Is that something Infrastructure Australia does?

Mr Mrdak—There were a number of proposals put to Infrastructure Australia by private sector groups in relation to seeking funding support for airport proposals. I am not aware that any of those proposals, apart from the road projects which we discussed earlier in the day around Perth Airport, have been taken to the pipeline status by Infrastructure Australia.

Senator IAN MACDONALD—Finally for me, this morning I raised the issue of the Horn Island Airport, which is the major airport for the Torres Strait Islands. Horn Island is the airport for Thursday Island. Do you know if the safety program that you spoke of earlier—that is helping in Karumba—been approached for assistance to upgrade that airport at all?

Mr Borthwick—The minister, as part of his announcement in July this year, committed to provide \$340,000 of Commonwealth money towards the airport upgrade.

Senator IAN MACDONALD—Yes, I think the airport upgrade in the Torres Strait is something like \$12 million from memory, isn't it?

Mr Borthwick—I think the estimates vary. They vary between \$12 million and another estimate we have seen, which is as low as \$6 million. I think there are still discussions going on between Queensland Transport and the shire council about the project scope and the exact project cost.

Senator IAN MACDONALD—As I understand, the proposal is to strengthen the runway to allow Q400s to land. Some may argue that is not a safety project and therefore does not come into this particular program. But, of course, if you did land that aircraft there and it went through the runway, it would quickly become a safety issue. I am just wondering whether it is \$360,000 or—

Mr Borthwick—Three hundred and forty thousand dollars.

Senator IAN MACDONALD—It is good to see that much going, but as a percentage of the overall cost, whether it be \$6 million or \$12 million, it is a pretty small amount. How was

the \$340,000 arrived at? Was it thought that that was the amount related to airport safety as opposed to commercial activity?

Mr Borthwick—The \$340,000 was an election commitment.

Senator IAN MACDONALD—Just a figure?

Mr Borthwick—It was a figure that formed part of the election commitment.

Senator IAN MACDONALD—So there is no science behind it at all; it is just a figure that you were given and you were told, 'Fund it to this.'

Mr Borthwick—It was an election commitment.

Senator IAN MACDONALD—So it required no departmental assessment at all. Your only job was to meet the commitment and write out the cheque.

Mr Borthwick—The project was submitted as part of the round 3 application process for the Remote Aerodrome Safety Program. The minister had indicated he would give priority consideration to funding the project up to \$340,000 through that process and that was the final decision that came out of the consideration of all the applications.

Senator IAN MACDONALD—So no independent assessment was done by the department on it; it was just granted because it was an election commitment?

Mr Borthwick—The actual proposal was considered, along with the other applications, as part of the assessment process. We also took into account the minister's indication that he would give priority consideration to funding up to \$340,000 towards the Horn Island project and the minister made the decision on all the projects that would receive funding.

Senator IAN MACDONALD—Apart from that one, were others in this program allocated on the basis of assessments and recommendations from the department, or did the minister just have a look at them all and pick the ones he wanted to support?

Mr Borthwick—The department provided advice in relation to all of the applications that were received and the minister took into account that advice in making his decision.

Senator IAN MACDONALD—So you did not make any recommendations for any of these?

Mr Borthwick—We provided advice to the minister on our assessment of the applications received, including whether or not they met the eligibility criteria for the program and, because there were more applications received than money available, we had to rank the projects.

Senator IAN MACDONALD—Were any that were said not to fit the policy guidelines actually finally approved?

Mr Borthwick—That goes to the nature of advice we provided.

Senator IAN MACDONALD—If I were not feeling so generous or happy we would perhaps argue that further. Let me ask this, finally: is it possible to get a list of all those who applied for funding under this program, and also a list of which ones actually received the funding?

Mr Borthwick—The list of successful applicants is on our website and we are happy to provide that to you. All the unsuccessful ones were individually advised by the department, including a reason why they were not eligible for funding. We are happy to provide that as well.

Senator Conroy—We might take that one on notice, about whether or not we supply the ones that were not. In the past we have sought the advice of the unsuccessful tenderers about whether or not they would like their names released publicly. So we might just take that on notice and come back to you on that.

Senator IAN MACDONALD—I am not asking for any detail except ‘airport X’—

Senator Conroy—No, but sometimes people do not like having it advertised that they have failed in a bid, so we will come back to you.

Senator IAN MACDONALD—Thanks, Minister. I am quite sure all of those who missed out would love me and others to know about it so that we can form part of the lobby group. But by all means, if you are going to check with them to see if they object to this being made available, that is fine. Would that involve you in much work? How many were there, approximately?

Mr Borthwick—There were in excess of 100 applications, of which 44 were successful.

Senator IAN MACDONALD—Anyhow, if you can send them an email and see if they object, and for those that do not, I look forward to receiving them. Thanks very much.

CHAIR—There are no further questions of the officers from Aviation and Airports, except for one more question from Senator Nash.

Senator NASH—No, it is not a question. I just want to make sure my next lot is in the right place. It is about the Canberra Airport master plan again and the Australian noise exposure forecasts. Is that later or is that now?

Mr Mrdak—If it is the validation and the certification of the ANEF, that would be Airservices Australia.

CHAIR—Senator Nash, can I help? Why don’t you throw the question out now and you will soon get knocked on the head and diverted—

Senator NASH—That is an extremely good idea. I am interested in the Australian noise exposure forecasts. What part do they play when you are considering the master plan?

Mr Doherty—As part of the master plan requirements, there is a requirement for an ANEF to be included. So part of our assessment is to ensure that there is a valid, approved ANEF.

Senator NASH—So in the context of the master plan considerations under the Airports Act 1996, I think it is, are the ANEF contours required to be based on firm projections or best guesses?

Mr Doherty—The ANEF process reflects the airport’s forecast.

Senator NASH—Did Airservices Australia or the department advise the minister—this bit probably has to go to Airservices actually, so I will leave that there and I will ask the next lot directly to Airservices, if that suits.

CHAIR—Thank you, Senator Nash. I thank the officers from Aviation and Airports and call Airservices Australia.

[8.13 pm]

Airservices Australia

CHAIR—Welcome, Mr Russell, Mr Dudley and Mr Harfield. Have you got your suits of armour on? There are a few Western Australians around the table and I have a funny feeling they are after you. I was reading some *Hansard* from the other place today, from yesterday. There was a speech by the member for Pearce, Mrs Moylan, and there was a contribution from a couple of government members, being Mr Georganas and Ms Jackson, and then the member for Canning—Mr Randall—and the member for Swan. After all that, could you tell me what this Perth Airport Aircraft Noise Management Consultative Committee is all about? Is it something you guys have put together?

Mr Russell—The background to this issue is that in the early part of the decade there had been a considerable amount of growth in air traffic in the Perth area. It has accelerated in the last five years. There has been an increase of 60 per cent in the number of aircraft movements in the Perth Basin. Western Australia, as you well know, is very dependent on air travel, and this is a direct result, in our view, of the economy and the mining industry, where there are a lot of fly-in and fly-out operations in the northern mining districts.

In 2003, the Civil Aviation Safety Authority conducted a safety audit of our terminal control unit in Perth—part of their normal audit process—and they identified a particular safety issue with respect to the final approach to runway 03, in the southern end of the airport and how, in particular, that approach connected to the instrument landing system. Concurrent with that, we have been doing some work of our own relating to the growth we were seeing at that stage in air traffic movements.

You probably know that the airspace in the Perth Basin is complex. Not only has there been growth in commercial aircraft movements but large areas to the west and north-west of Perth are restricted for military use and therefore not readily available for commercial traffic. We conducted a broad review of the Western Australian airspace. It commenced in July 2006 and it was completed and implemented in November 2008. The review resulted in some new arrival and departure procedures. These are now separate paths for jet aircraft and non-jet-aircraft and a reduced number of reporting and crossover points in terms of arrivals and departures into Perth. There is no doubt in our mind that safety has improved as a result of this implementation.

Clearly, these changes have resulted in fewer aircraft movements over some areas of Perth, the heavily populated areas to the west of the airport, and some increase in flights in other areas, in much less populated areas to the east. Obviously, when those air routes were designed, we tried to overfly national park and farmland areas, certainly less populated areas of the city. I might say that the project was subject to regular consultation meetings. There were eight of them held between October 2006 and September 2008, and the vehicle that we used for that consultation is a vehicle similar to what we use in other airports throughout Australia, and that is known as the Perth Airport Aircraft Noise Management Consultative Committee.

CHAIR—Who put this committee together? Is it a forum for you guys or for Airservices—

Mr Russell—No, it is a forum that is chaired by Perth Airport. It comprises representatives of state and federal government, the Western Australian government, local councils, community representatives, the airport and us.

CHAIR—You said federal members of parliament. Could you name those federal members of parliament?

Mr Russell—I will pass that question, if you do not—

CHAIR—Sorry. Senator Adams just said Sharryn Jackson.

Mr Russell—There are a number of them.

CHAIR—Great. Would you like to tell me?

Mr Russell—Just to make sure I have got it correct, I will ask my colleague, Mr Dudley, if he would respond to that, please.

CHAIR—Yes, thank you. Mr Dudley, the spotlight is on you, mate.

Mr Dudley—Thank you, Mr Chairman. There are a number of federal MPs: the member for Hasluck, Sharryn Jackson MP; the member for Pearce, Judi Moylan MP; and several others whose names I do not have directly in front of me, but there are some other committee members.

Senator BACK—Could I ask a question, through you, Chairman?

CHAIR—Yes, of course.

Senator BACK—Is it not the case that Judi Moylan resigned from the committee? Can I clarify that?

Mr Dudley—I attended a meeting in late August, Senator, and I believe the member for Pearce resigned at that particular meeting, yes.

CHAIR—I will let you get to that.

Senator BACK—I just want to clarify: August of which year?

Mr Dudley—August of this year.

CHAIR—August of this year. So Mrs Moylan was a member but resigned. Is that right?

Mr Dudley—I also believe Mr Irons is a member of the committee.

CHAIR—So Mrs Moylan was on but resigned. How many meetings did Mrs Moylan attend?

Mr Dudley—Up until November 2008 when the changes were introduced, Mr Chairman, I do not believe the member for Pearce attended any of those meetings.

CHAIR—So there were eight meetings held between the formation of the committee and her resignation in August of last year. Is that correct?

Mr Dudley—No. There were eight meetings held from the start of the project in July 2006 until the changes were introduced in November 2008.

Senator Conroy—Could I clarify? Sorry, Senator Sterle.

CHAIR—Yes.

Senator Conroy—Mrs Moylan resigned in August this year—2009.

Mr Dudley—In August this year. That is correct, Minister.

Senator Conroy—The changes were implemented in—

Mr Dudley—November last year.

Senator Conroy—November last year.

Mr Russell—November 2008.

CHAIR—So how many meetings did she attend?

Mr Dudley—My understanding, according to the records and the minutes of those particular meetings—which are minutes handled by the Westralia Airports Corporation—was none. However, her office was represented on a couple of occasions.

CHAIR—I find that interesting—I am flashing this paper around here but it is the *Hansard*, so it is not a secret document or anything—because she had a lot to say about it. She attended none of the meetings. Did you personally brief her on what the consultative committee was doing?

Mr Dudley—In addition to the eight meetings that were held between July 2006 and November 2008, Chair, we also had an email distribution list that was quite extensive. It included members of industry, members of council, community representatives and, of course, the members of the Perth Airport Aircraft Noise Management Consultative Committee as well. There were a number of emails—well over a dozen—that were sent out, quite apart from the meetings and the minutes of those meetings.

CHAIR—Did Mrs Moylan understand them?

Mr Dudley—One of the criticisms that has been levelled at Airservices Australia is the nature of the information and whether it was clearly understood by members of the committee. That is an issue that the organisation has indeed taken on board and we will ensure that in all consultations the matter is clearly understood by constituents and not rest on our laurels, in the sense that—

Senator Conroy—Can I just clarify? You sent Mrs Moylan how many emails?

Mr Dudley—There were 12 emails that were sent between 4 July 2006 and 11 September.

Senator Conroy—You briefed her separately, did you say?

Mr Dudley—Not separately. On top of that, they were briefed during the course of those emails and the minutes of the meeting.

Senator IAN MACDONALD—Senators should ask questions. It is not for the minister to ask questions.

Senator Conroy—I am trying to clarify exactly what has happened, because I am not sure that the information has been completely explained. Mrs Moylan's staff attended three meetings, did you say?

Mr Dudley—Yes. The minutes show that the electorate office was represented by two separate staff members on three occasions.

Senator IAN MACDONALD—Mr Chairman, can we have the minister take the officials out, and back in his office he can ask them anything he likes. This is the time for senators.

Senator Conroy—I just wanted to clarify—

CHAIR—I understand. But, Senator Macdonald, it is actually helping me, because I was reading what Mrs Moylan was saying in committee.

Senator IAN MACDONALD—If you ask them, that is fine.

CHAIR—And I am as confused—

Senator IAN MACDONALD—If you ask them—

CHAIR—I will ask. I appreciate your assistance looking after me like that, Senator Macdonald. But I am actually finding this very difficult because Mrs Moylan does nothing but bag you lot, bag the process, and her actual words are:

They—

that would be you guys, or your industry, Airservices—

have not extensively consulted the public either, but they have extensively consulted the airline industry, on their own admission.

So there were eight meetings held, of which Mrs Moylan did not attend one. Her staff attended three, I think you said. There was an exchange of emails. Mrs Moylan resigned from the committee some 12 months after the implementation of the new changes.

Mr Dudley—Correct, Chair.

CHAIR—And I read somewhere—I am sorry, I cannot find it at the moment—that she said she found the information confusing.

Mr Dudley—That is basically the sum total, yes.

Senator Conroy—Did she ever seek clarification? Did she ever phone up and ask?

CHAIR—I would certainly find it confusing if I did not turn up to any meetings. That is as clear as mud, isn't it?

Senator IAN MACDONALD—That is a question to whom?

Senator Conroy—I think it was to me.

CHAIR—I am not finished. But Mr Irons and Ms Jackson were members of the committee.

Mr Dudley—Yes. Mr Irons and Ms Jackson were both members of the committee.

CHAIR—Are they still members of the committee?

Mr Dudley—Yes, they are, to the best of my knowledge.

CHAIR—What do you say about the accusation from Mrs Moylan then that, as I said, you did not extensively consult the public?

Mr Russell—Chairman, I might say that on reflection we believe the process could have been improved. I think there is some learning out of it, from our viewpoint. These airspace concepts can be very technical and difficult to understand and I think the lesson from our viewpoint is that we need to ensure that the information is understood, rather than just assuming that no feedback on it is in fact equal to understanding.

Senator Conroy—Surely if they do not understand something they will pick up the phone and call you, Mr Russell—you are a perfectly reasonable person—

CHAIR—Thank you. Did that happen?

Mr Russell—No.

CHAIR—Did Mrs Moylan pick up the phone? Did her staff—

Senator Conroy—To say, ‘I’m confused about the information you sent me.’

Mr Russell—Not to my knowledge.

CHAIR—To your knowledge, did Mrs Moylan’s staff ever query the information that was going out?

Mr Russell—Not to my knowledge again, no.

CHAIR—I can understand why someone is confused if they do not turn up to the meetings, they do not ask questions—

Senator Conroy—And they wait a year to resign.

CHAIR—The staff do not ask questions, they do not return the emails, they then resign, and they then walk into the committee room and tip a bucket of stuff on you. All right. That has really cleared that up for me. What’s up, Senator Adams? You look like you’re ready to go me.

Senator ADAMS—I am.

CHAIR—She has turned her anger from you guys to me. How did that happen?

Senator ADAMS—I have not.

CHAIR—If you can put some light on it for me and Mrs Moylan, Senator Adams, fire away.

Senator ADAMS—You spoke about the speech that Mrs Moylan made last night and I will continue on with the member for Hasluck, Ms Jackson, who is a member of the committee.

CHAIR—I have got that, too.

Senator ADAMS—She said:

I can agree in some large part with the sentiments expressed in the resolution that has been put forward by the member for Pearce.

Then further:

I also agree with some of the concerns that have been raised about the consultation process with residents prior to the implementation of the route review.

And I have got some more questions on this:

I believe it was inadequate—a matter that I have raised with the Minister for Infrastructure, Transport, Regional Development and Local Government asking for improved consultation processes in the future.

As a senator for Western Australia and someone who actually lives under the new flight path as well, I do not mind the noise myself. But residents are very agitated because they relocated their properties to get away from the flight path down around Guildford and that area, moved up to the hills and now, lo and behold, they have got—and I can quote it here, as one of the constituents recorded it—18 flights between 6.10 am and 7.10 am. For myself, having been sitting in a charter aircraft many times when I am back in Western Australia, lined up with probably 20 aircraft in front and another 10 or 12 behind me, I am certainly very aware of the increase in traffic. But the residents are my concern, as they are for Mrs Moylan and Don Randall, the member for Canning, and Steve Irons, who is also on the committee.

CHAIR—Can I just add to that, too, Senator Adams. While Senator Adams was quoting from Ms Jackson’s speech—and I have that one as well; I have got them all here from that day—

Senator ADAMS—So have I.

CHAIR—Ms Jackson went on—and I will get your comments:

I do want to point out, though, that the consultation process was established by the previous government. So it is a bit rich for members of the opposition to be so critical of both the current government and the bureaucracy.

And she then queried: ‘Where were the member for Pearce and the member for Canning when there was a brickworks being built on the airport?’

Senator ADAMS—We do not need to really go there.

CHAIR—No. Not when we selectively quote bits of speeches, Senator Adams. Anyway, that is fair enough. We do not need that.

Senator BACK—How is that relevant to this discussion, that brickworks near airports make noise that affects the residents around the airport?

CHAIR—I think you should talk to your mate that just got thrown out the last time because of the brickworks. He would probably give you a different view on that, Senator Back. What I quoted was Ms Jackson saying it was a bit rich for opposition members to come in to bag the government now, when it was put in place by the previous government.

Senator BACK—What was Ms Jackson’s observation about—

CHAIR—It is here. Would you like to read it?

Senator BACK—No, I would like you to tell me.

CHAIR—It is there. You heard it. Senator Adams, have you got some more questions to ask?

Senator ADAMS—Lots of questions.

CHAIR—Please keep going.

Senator ADAMS—We have probably jumped the gun a little bit on my questions, but anyway. What are the reasons outlined in the CASA report that deemed changes to Western Australia's airspace were needed? I know you did touch on that. Would you like to elaborate?

Mr Russell—The audit report of 2003 that I mentioned earlier identified a potential safety issue with the final approach to the southern end of the main runway at Perth Airport. In particular, it was the approach stabilisation of aircraft in connection with the instrument landing system. As I mentioned, that report occurred at a time when we were also reviewing the growth of air traffic in the Perth Basin and that, together with some further work that we did on the airspace over Perth and also the projections for growth of air traffic during that intervening couple of years, led us to a much broader review of air routes in Western Australia—not just in Perth but the whole of the state. We believed that that was timely and it was in the best safety interests of the travelling public.

Senator ADAMS—Having lived in the western suburbs and not had very much aircraft traffic across the top of the western suburbs, why have they all of a sudden been excluded, and the hills are inundated with aircraft flying over the top, in the early morning, the night or whenever?

Mr Russell—I think part of the issue here is that the Western Australian Route Review, the subject we are talking about, has been caught up, in the public's mind, with the overall issue of growth of air traffic in Perth. In our view, not all of the instances of complaints that we receive are related to this particular project. So I make that point. There is an overall growth in air traffic, first of all, apart from this question of how some of these air routes have been reorganised.

There are three key areas that seem to us to be more affected by this particular air route change. In the hills district, the numbers that I have seen on a daily basis for arrivals from the north connecting into the southern end of the main runway—that is, the 03 end of the runway at Perth—have moved from an average of between four and six flights a day pre November 2008, before the change that occurred, to an average of about 16 flights a day. That is dependent on wind conditions in particular as to which of those air routes are used and when they are used, but the daily pattern is in that order of magnitude, on average.

In Beechboro to the north, it is a similar number. There were on average between two and four flights per day using the route that had existed prior to this route review. That has risen to about 15 per day, albeit some of them are in the early part of the morning serving mining traffic going to the north of Western Australia.

I can understand residents who received no noise and who are now receiving some being concerned about it but, in terms of the magnitude, we do not see a dramatic increase in the number of flights over these particular areas as the result of this specific air route change.

Senator ADAMS—I think what I will do when I am home is count every aircraft that comes in over those routes, because they are coming straight over the top of me and I know exactly what is going on. I am pretty good as far as aircraft go; I have had a lot of experience. I probably spend more time in the air than on the ground at the present time. But it really has made a huge difference. A lot of them are flying very low—a lot lower than they were, actually—and I do not know what has caused that. Once we get the east-west wind blowing,

they are all coming in through that particular route, so I can see why the residents in the hills are complaining. To get on with my questions: is the government going to make the CASA safety report public?

Mr Wilson—I will have to take that on notice.

Senator ADAMS—You will get back to the committee and let us know?

Mr Wilson—Certainly.

Senator ADAMS—Thank you. Does Airservices Australia receive income from airlines and other corporate clients?

Mr Russell—The overwhelming majority of the funds that are required to run this organisation are user fees, paid for by airlines and other users of Australian airspace, so the answer is: definitely, yes.

Senator ADAMS—What percentage would come from those sources?

Mr Russell—Our annual revenue at the moment is running at about \$770 million. I would have to get you the precise number, but I could tell you that from airlines—and other airspace users, private pilots and that sort of thing, but overwhelmingly airlines—the number would be well over 95 per cent.

Senator ADAMS—Coming back to the public consultation which was not held as part of the Western Australian Route Review Project, why wasn't it held?

Mr Russell—We followed a consultation procedure that had been used in other airports around Australia. That process is to engage across representative groups of industry, local government and local political leaders as well as community groups to get a good cross-section of views on potential changes to airspace. The consultation over questions of noise that we did in Perth is what we have done elsewhere in Australia.

Senator Conroy—Senator Adams, just to save you the job of sitting out there all day and night to research, I understand there is a website called WebTrak where you can see aircraft movements in Perth. It might save you the job of sitting outside.

Senator ADAMS—I do not have to sit outside. I can just listen to them going over the top.

Senator Conroy—I am just saying that you can go on a website. This government is all about transparency.

Senator ADAMS—Thank you very much, Minister, for that.

Senator Conroy—So if you were not familiar with that—

Senator ADAMS—No, I was not, because I do not have time to sit at my computer all the time.

Mr Russell—WebTrak is on our website. It is quite easy to access.

Senator ADAMS—I am very interested, because I have personally noticed how much more noise there is. It did not need to be brought to my attention because, as I said, I have shifted from right down south of Perth to live in the hills and have noticed this all of a sudden. But the aircraft do not worry me personally. I still want to come back to this public consultation. How many public consultation meetings did you hold in Perth?

Mr Russell—We held meetings of the Perth Airport Aircraft Noise Management Consultative Committee. That was the vehicle that we used for representative consultation.

Senator Conroy—And that is the one you were talking about.

Senator ADAMS—Yes, that is the one before.

Senator Conroy—That is the one Mrs Moylan never attended.

Senator ADAMS—Yes. We do not know whether they were sitting dates or whatever. I am not going to argue that, because I have no idea why.

Senator Conroy—But you had staff there.

Senator ADAMS—Yes, I realise that, but that is not the point. I just think, using Perth as an example—one area of Perth that is not really built up and you are dodging national parks and all the rest of it—that for people in those areas that were going to be affected, there could have been some sort of public consultation, because I do not believe that the composition of that committee which you have described to me really would be giving you absolutely grassroots information back.

CHAIR—Senator Adams, the state government—

Senator ADAMS—Yes, I know. I am fully aware and you have been—

CHAIR—They represent the people too.

Senator ADAMS—Yes, and so do we.

CHAIR—I do not mind taking the state—

Senator Conroy—Mrs Moylan does not sound like she was representing her people.

Senator ADAMS—Certainly trying to.

Senator Conroy—Not by not attending. But, look, if I could just update you on that website address, it is www.airservicesaustralia.com/aviationenvironment/noise/webtrak/locations.asp and it has the plane type and altitude in 20-minute delays for you.

Senator ADAMS—Great. Thank you.

Senator Conroy—How about that?

Senator NASH—That is more information than the department usually gives us. I am impressed.

Senator Conroy—I have just given you a website.

Senator NASH—I am very impressed.

Senator Conroy—That is to save you sitting there with your pen and paper just going tick, ‘What was that type of plane?’

Senator ADAMS—I know, Minister, you are trying to get me off track here, but you are not going to. As I said, I am quite disappointed that there were not some actual public meetings rather than people appointed to consultation.

Senator Conroy—I am sure if Mrs Moylan had asked for it there would have been one.

Senator ADAMS—I think she did. But, anyway, I am not Mrs Moylan so—

Senator Conroy—Can I just check with Mr Russell. Did Mrs Moylan ask for a public meeting in the lead-up to the change, not afterwards?

Mr Dudley—Yes. There was a meeting about a week or 10 days ago and I asked the committee to nominate the locations and we are considering a meeting now as we speak.

Senator Conroy—No, but in the lead-up to November last year.

Mr Dudley—No.

Senator Conroy—Mrs Moylan did not ask for one in the lead-up to it?

Mr Dudley—No.

Senator ADAMS—Could you just expand on what you said then. I could not hear because the minister was talking.

Mr Dudley—In subsequent meetings from July this year; there have been more meetings of the Perth aircraft noise management committee. At that meeting we offered to meet councils and we have done so with a number of councils at their request now, following community concerns, and we said we would entertain a meeting of community residents in locations where the committee thought it was appropriate and we are awaiting information from that committee as we speak.

Senator ADAMS—Would you be able to email me when those meetings are going to be on?

Senator Conroy—Only if you promise to read them, unlike Mrs Moylan.

Mr Russell—We will be happy to do that.

Senator ADAMS—Thank you very much. Does Airservices Australia have an internal review process to assess its handling of matters such as this, as in the consultation?

Mr Russell—Yes. Whenever we go through an event like this we are very mindful of the stakeholder environment that this industry operates in and we operate in and, yes, there are internal reviews. I think I mentioned at the beginning, or not long after it, that one of the lessons we have taken from this is, due to the technical nature of the information that was presented at these series of meetings of this consultative committee, the question in our mind is whether or not it was too technical and whether people really did understand it. We did not receive feedback to the contrary, but it is our view that we probably need to do some more work on these sorts of issues—depending on circumstances, of course—to make sure people really do understand what is involved.

Senator Conroy—Could I just clarify. What is your strategy for dealing with people who do not read their emails? Is there any strategy to deal with that?

CHAIR—I think we have established that Mrs Moylan did not read her email. So, Senator Adams.

Senator BACK—I am sorry to interrupt you, but I would have just received—because I do read mine, Minister.

Senator Conroy—Excellent.

Senator BACK—All I have had in the last 10 minutes is a long litany—sorry if it is amusing you; it is not amusing me—of email correspondence between Mrs Moylan—

Senator Conroy—She can read yours. She understands yours.

Senator BACK—I am reading hers. I can understand them.

Senator Conroy—That I am sure of.

Senator BACK—If BSE—the beef—comes in we might not be able to understand anything.

Senator Conroy—It is the other way that I am worried about.

Senator BACK—Correspondence from Mrs Moylan to Minister Albanese asking for his action; indication of surveys that she has conducted requesting open public consultation.

Senator Conroy—What dates?

Senator BACK—Four hundred and eighteen of her constituents seeking it, 67 did not want it et cetera. She or a senior representative has attended, if not all, then the vast majority of meetings.

CHAIR—This is very interesting—

Senator Conroy—Did any of that happen before 8 November?

Senator BACK—Going back to 2006, if I am allowed to read them quickly enough. As Senator Adams has quite rightly said—

Senator Conroy—So why didn't she read the 12 emails from the meeting?

Senator NASH—Minister, let him finish.

Senator BACK—She has received full briefings. What has been represented here this evening is that Mrs Moylan does not seem to have had any interest in this process at all. She resigned from this committee out of sheer frustration.

Senator Conroy—Three months ago.

Senator BACK—In August.

Senator Conroy—Two months ago.

Senator BACK—She had flagged, Mr Russell, her intention reluctantly to withdraw from it, simply because she regarded her name and the names of others as being added by the department in its defence saying, 'All of these people have been consulted; therefore they agree with it.' She advised that committee that, unless she could get further information, she would resign from the committee and, in frustration, she did. I am not going to sit here this evening—

Senator Conroy—A few months ago. Twelve months after the fact.

Senator BACK—Minister, through the Chairman, I am not going to sit here this evening—

Senator Conroy—Twelve months after the fact.

Senator BACK—and see Mrs Moylan's name besmirched in an apparent campaign of indifference. There is no indifference on this. She has corresponded, she has had correspondence from the department—

Senator Conroy—Twelve months after the fact.

Senator BACK—she has had correspondence with and from state departments. She has done her best.

CHAIR—Senator Back, I appreciate your defence—

Senator BACK—Give me just 10 seconds if I can.

Senator Conroy—Twelve months too late. That is the problem.

CHAIR—but we will have to get back to questions.

Senator BACK—Certainly.

Senator Conroy—Twelve months too late.

Senator BACK—What do you mean 12 months too late, Minister? Where is the 12 months too late?

Senator Conroy—She resigned nearly 12 months after—

Senator BACK—She has been a member of that committee going way back.

Senator Conroy—Nearly 12 months after the decision was taken.

Senator BACK—To do what?

Senator Conroy—That is when she resigned, in 09. The decision was taken in 08.

CHAIR—All right. That is enough now.

Senator BACK—Remained in the process continually.

CHAIR—Senator Back, order! No, Senator Back, you have had your defence. Minister, I would urge you—we have had evidence, questions have been put to the officers, the officers have—

Senator BACK—I will finally, Chairman, insist on tabling this correspondence in *Hansard*.

CHAIR—Senator Back, I would ask you to respect the Chair.

Senator BACK—I will respect the Chair.

CHAIR—The officers have answered questions that have been asked.

Senator BACK—Totally unsatisfactorily.

CHAIR—If Mrs Moylan has a difference of opinion, I am sure she is big enough to look after herself.

Senator BACK—In which case I ask—

CHAIR—We do not need to waste Senate estimates time—

Senator BACK—Through you, Chairman—

CHAIR—No, Senator Back, you have had your chance. We will now go back to—

Senator BACK—I have a question to ask and I have a right to ask it.

CHAIR—You have had your chance. You will get the call when I give you the call.

Senator BACK—Thank you very much.

CHAIR—Your colleague has the call at the moment. If you are going to go into a Senator Heffernesque episode of making statements, Senator Back, I will pull it up. You have had your chance. Senator Adams.

Senator ADAMS—Thank you, Chair. Do you consider that you have a responsibility to inform residents in the areas that they may be affected by a change of flight routes? Do you consider that that is part of your job, or how do they find out about it?

Mr Russell—Yes, through this committee process that we have described.

Senator ADAMS—So what would the process be then to advise all the residents that live in the hills?

Mr Russell—I can only surmise, looking at the composition of this committee, which we believe was representative of the community in Perth, that those representatives would in fact pass some of this information on. I mean, I had people available to answer any questions that were asked of them and that seems to have been the breakdown in the process. That is fundamentally the way this consultative system works.

Senator ADAMS—As the north-west increases, obviously the number of aircraft movements are going to increase as we go on and on and on, when you listen to the number of people that are going to have to be flown in and out and other areas are going to be affected. Because of the problems that have arisen through this particular change in flight route, would you change your process and perhaps become a little bit more community focused rather than relying completely on that particular committee?

Mr Russell—I think that is one of the issues that we have flagged in terms of the review of the process that we have undertaken so far. I say to you that I think that the information is technical by its nature and we can sometimes assume that people understand it and, if there are no questions, sometimes you can assume that they do understand it. I think we can improve that process and I give you an undertaking that we are closely monitoring what is occurring in Western Australia and, where possible, we will seek to make some improvements where we can. This is complicated airspace, though, but that undertaking is extant.

Senator ADAMS—Thank you. Why were noise abatement procedures not revised as part of the Western Australian Route Review Project, or were they? Were they just left as they were?

Mr Russell—I will ask Mr Dudley to take that question.

Mr Dudley—Through you, Chair. Senator, part of the analysis that we undertake in terms of changes to flight paths and route structures is those sorts of issues. It is constant monitoring, and the changes are made with due regard to the safety and efficiency of aircraft and the environmental impact that such changes may have, and the environmental assessment process that we run through includes those sorts of issues.

Senator ADAMS—Thank you. What involvement do the minister and the government have with Airservices Australia in overseeing the implementation of changes to airspace?

Mr Dudley—The government has no involvement other than we answer to our own enabling legislation and we also answer to the Environment Protection and Biodiversity Conservation Act 1999.

Senator Conroy—The minister actually pays attention to his emails for Airservices.

Mr Dudley—But we have to abide by that legislation and our own enabling act, which give us quite clear guidelines on our accountabilities and responsibilities.

Senator ADAMS—I think I have exhausted my supply of questions.

CHAIR—Thank you. Senator Back.

Senator BACK—Thank you, Chairman, and I do appreciate your wise counsel, gentlemen. I will simply make this observation and ask a question of you. I have the chairman's permission to ask a question, but let me just simply read, if I may, the email, Minister: 'Chris, I asked for public meetings at PAANMCC meeting prior to me writing to the minister and at subsequent meetings. There has been a consistent refusal to hold public meetings until I started giving speeches in the House. Now there's been an offer.' My question to you is this: I am offended, on behalf of Mrs Moylan, by the statement that you believe either she or a senior officer did not attend. In the event that I can demonstrate to you that she or a senior member did attend those meetings, will you withdraw that, which I regard as a slur?

Senator Conroy—If I can just be clear, are you challenging the minutes—the record of the meetings?

Senator BACK—Effectively, I am. I am challenging her absence or that of a senior person on the staff, Minister, yes.

Senator Conroy—Just so we can be clear, in the period—

Senator BACK—That is correct. That is the understanding—

Senator Conroy—No, I just want to make sure we are dealing with the same period of time, because the only time that we have discussed at this point is between the dates of—

Mr Russell—October 2006.

Senator Conroy—October 2006 till—

Mr Russell—September 2008.

Senator Conroy—Or November, when the changes were implemented.

Mr Russell—That was when the last meeting was held.

Senator Conroy—Yes, so those dates.

Senator BACK—I do not wish to interrupt you, Minister—

Senator Conroy—No, I just want to clarify that what you were disputing was that.

Senator BACK—That is correct, just for clarification. Exactly. And I ask: in the event that we can demonstrate that those meetings were attended, will you accept that, please, and will you withdraw—

Mr Russell—Senator, clearly we will.

Senator BACK—Thank you.

Mr Russell—What we are doing is simply going off the record of the meetings that occurred during the period that we have just discussed.

Senator BACK—Sure. I also do wish to have an explanation with regard to the minister's comment—and I am again reading: 'Ms Moylan says it may have been 12 months too late, according to the department, but this matter did not become apparent until constituents began complaining in March-April of 2008. Changes were made without the committee being aware that the changes had actually been effected in November 2008 (see John McPherson's Department of Conservation and Environment letter)' which I do have. Thank you for the opportunity, Chairman, and thank you for your courtesy in listening and taking that action, if we can demonstrate it.

Can I ask you one question in regard to all of this, because obviously it affects us all, and that is: what is the prospect for steeper declines and steeper take-offs in an attempt to clear residential areas, particularly more quickly, at a greater height earlier, and therefore removing this circumstance? Can you advise me on that?

Mr Dudley—Through you, Chair: Senator, that actually is a much noisier profile for departing aircraft. With arrivals, if you have a stepped approach, which is generally what has occurred prior to the fitment of avionics which enable much greater low-thrust idle descents by aircraft, that is the preferred way for an aircraft to come in to land. Those low-thrust idles mean that you do not have changes in altitude heading towards the aerodrome, which means it is a much more progressive descent and much quieter in its noise impact.

Departing aircraft try to get as high as they possibly can as quickly as they can. Many of you who fly, I suspect, notice the engines being wound back after a certain altitude is gained. That is part of the amelioration of the noise impact on residents. That is the airlines' attempt to help manage the noise impact.

Senator BACK—Thank you. Thank you, Chairman.

CHAIR—Thank you, Senator Back. Senator Nash, you are not going to talk about Perth Airport?

Senator NASH—No.

CHAIR—Can I talk about Perth Airport, just on this?

Senator NASH—You most certainly can.

CHAIR—I do want to depoliticise this, because I can understand the passion that goes around this noise, but what other options are there? You clearly said to us, Mr Russell, that Perth is open for business—my words, not yours. You have been a little slack there: you said the boom was five years. They have been going crazy in Perth for a lot longer than that. It is firing up again now. It was a safety issue and it is a little bit like highways. People buy homes

on highways and they might be nice and quiet at the time, but three or four years later they want the trucks moved off them because they are noisy. I sympathise with the people in these suburbs that are affected but, crikey, what else do we do?

Mr Russell—Given the growth in air traffic and the prospects for more of it to come and given the complicated nature of the airspace—and I refer in particular to some areas of military activity to the north and west of Perth—there are not as many options as we would like in a normal design of airspace. To take the point of the earlier question, consistent with safety, where there are technology opportunities or different procedures that we can put in place in the way aircraft are flown, that is something we are continually on the lookout for to improve the impact on local communities and that is something we will continue to do.

CHAIR—I will make the statement—and I will not win any friends, but the truth has to be said—that there have been criticisms about the extent of the consultancy and all that with the local population. I will put my hand on my heart and my wallet on the table and say that, if you had consulted every single person who lives in those areas, none of them would have said, ‘Sure, fly over.’ Senator Nash.

Senator NASH—Thanks, Chair. Back to these questions around Canberra Airport, in an interview on 666 ABC Canberra on 28 August 2009, Minister Albanese stated: ‘Of course, in the master plan what it does is, it puts forward a very ambitious plan in terms of forecast, in terms of maximum. I think people would not necessarily think that the approval means the government concurs that that’s the level that it will be got to, but under the plan it’s anticipated that the number of passengers would rise from around about three million now up to 3.9 in 2016 and up to 6.3 million by 2029.’ Did Airservices or the department advise the minister on the accuracy of the growth projections in the plan and in the ANEF?

Mr Russell—Our brief is not to advise on the forecasts that are contained in those master plans but to advise technically if the noise assessments have been done correctly and that is what we did with respect to Canberra Airport.

Senator NASH—In terms of that technical assessment, the data in the plan and in the ANEF, what work was done to determine the accuracy of the assumptions that lie in that?

Mr Russell—With respect to the forecasts, no work was done. It was part of the airport’s responsibility to produce forecasts—

Senator NASH—I guess that is my question. So you just took as read, took on faith, that what was in the plan from the airport was appropriately done?

Mr Russell—It is not our brief to question the forecasts of traffic movements.

Senator NASH—No, that is true, but as the plan goes to the minister, who has responsibility for ascertaining the veracity of their claims in the plan?

Mr Russell—I will ask Mr Dudley to enunciate that.

Mr Dudley—Through you, Chair: Senator Nash, the airport is in charge of producing the particular document that you are referring to. So if they come up with a proposal for how the airport is going to be used into the future and then they produce the document to which you refer, what we do is assess the technical feasibility of what they are reporting in that particular profile, in that particular document. Our legislated requirement is to assess the technical

feasibility of what they are proposing. We do not assess whether it is feasible for them to do it or not; we assess whether it is technically feasible for those sorts of traffic movements to occur on that runway configuration.

Senator NASH—In the ANEF for the plan, was there any technical analysis done of the numbers of night flights and the freight flights?

Mr Dudley—Again, given the parameters which the airport, as the proponent for the master plan, is putting forward, if they are advocating XYZ movements during XYZ hours during the day and the night, we are technically assessing whether that is feasible—given the runways, the way they are constructed, the configuration of them and the types of aircraft that are purportedly going to be using those runways, whether it is technically feasible to get to that type of operating environment.

Senator NASH—From your understanding, what did the airport do to determine the increase and what the number of flights would be? I am assuming that in that they have made some assumptions about how much it is going to expand and what traffic there would actually be. Do you know how they obtained that information?

Mr Russell—No.

Mr Dudley—No, how they put all of that master plan together is up to the airport.

Senator NASH—How does the minister determine that that information is correct or indeed based on some genuine principles or information?

Mr Wilson—Developing projections in regard to the way an airport is going to develop is the responsibility of the airport. The projections in regard to growth of air traffic, growth of their business, are at the core of the master planning process, so it is their responsibility in terms of projecting how they are going to grow the business. As Mr Dudley has outlined, in developing the ANEF, that is then technically assessed; but in terms of determining the veracity of the projections, that is the business of the individual airport.

Senator NASH—But isn't that a bit like leaving the fox in charge of the chook house? If the minister is working off information that goes into a plan from the airport itself, about what the airport is going to be able to do, surely there needs to be some kind of check and balance for the information that the airport provides within that plan to be assessed? Does it not seem odd: information is supplied for a plan that has to be judged and on which the minister eventually has to make his determination of whether or not it goes ahead, but if the information is supplied by the airport who is standing to benefit by the implementation of the plan, where is the check and balance? I am trying to find that.

Mr Wilson—The technical aspects of the growth projections are checked by Airservices in terms of the capacity of the airport to grow to that capacity. But the business planning processes, the capacity of the airport and the veracity of those projections are the responsibility of the airport to determine. It is possible that they may grow more or less, but we provide advice to the minister on the technical capacity of the airport to handle the traffic and the projections of the growth of the traffic.

Senator NASH—It still seems a bit odd, but I am conscious of the time and that we are supposed to be in smoko. Sorry, Chair. Are there any reviews at any point in time at any sort of level of the processes for the endorsement of the ANEFs?

Mr Dudley—Through you, Chair: we go through a fairly vigorous process to satisfy ourselves, as the signing authority on the technical endorsement of those ANEFs, that we have challenged the proponent's assumptions about the technical capacity of its master plan. So there are checks and balances built into the actual process itself and then the check process is ultimately handed over as part of our information to the department for their ongoing assessment as well. But in terms of the technical assessment of the ANEFs, we have several checks and balances built into the process itself.

Senator NASH—Thank you.

CHAIR—Thank you, Senator Nash. Now we will go to a tea break, after which Senator Heffernan will have the call.

Senator HEFFERNAN—I want to ask a series of questions about noise.

CHAIR—That is what we will be talking about.

Senator HEFFERNAN—Including the Tralee noise, the removal of noise from Jerrabomberra to flight path 17 out of Canberra Airport—a range of questions surrounding those—and the objections of the Commonwealth to the state government.

CHAIR—It is nice of you to put the officials on notice.

Proceedings suspended from 9.05 pm to 9.17 pm

CHAIR—I believe Senator Macdonald has the call.

Senator IAN MACDONALD—We had some discussion at the last estimates and the previous estimates about air traffic controller sick leave, and in response to my question you took it on notice. You gave me a table showing December 2008 through to May 2009 with single-day absences. Now that the agreement has been in force for some time, can you update those figures, either presently if you have them or on notice if you have not?

Mr Russell—I am not sure that we have them with us tonight, but I will ask my colleague Jason Harfield to perhaps comment. We may need to take it on notice if that is okay.

Mr Harfield—Since the agreement has come into place, we have seen a plateauing of absenteeism in the air traffic control environment and a downward trend, so we can supply the updated figures on notice.

Senator IAN MACDONALD—I look forward to that.

CHAIR—Thank you, Senator Macdonald. Senator Heffernan, would you like to finish your bickie? Maybe your colleagues might have it.

Senator HEFFERNAN—Thank you very much, Chair. Can you answer questions on Unicom?

Mr Russell—Sorry?

Senator HEFFERNAN—Unicom—the air traffic situation awareness trial.

Mr Russell—Potentially some, but—

Senator HEFFERNAN—Just to speed things up for tonight, in case people do not know what that is all about, it is the air situational awareness trial called Unicom that is conducted by Airservices.

Mr Russell—That is right.

Senator HEFFERNAN—I understand that this was an initiative of Airservices. It was conducted at Dubbo and Wagga in late 2007 and expanded to Port Macquarie, Hervey Bay and Olympic Dam. I understand that it is an attempt to provide an alternative arrangement for regional airports catering for high-capacity jets now using aerodromes in regional Australia without the expensive infrastructure associated with licensed air traffic controllers and control towers. Have you given a report to the government on that?

Mr Russell—Yes. If I may, I will just give a little context: I was concerned, coming from a regional background, that there needed to be, in my view, a more cost-effective way of providing safety mitigation at some of these large regional airports. We took this trial on, of our own volition, with an exemption from CASA to conduct it at those five locations to prove, in our view, that the concept was workable and would be what we would call a graduated mitigation towards safety in these types of aerodrome environments. We believe that the trial was successful. It was only ever a trial. It ran for well over 12 months, though, and we concluded it in April. We prepared a report to the regulator, which we sent to them earlier in the year.

Senator HEFFERNAN—Just to speed things up, I have a series of questions which are procedural—I will put them on notice—to do with the report and where we are all up to.

Mr Russell—Yes. We will answer what we can, but CASA may also have some—

Senator HEFFERNAN—Send them, then; share the load.

Mr Russell—Okay, sure.

Senator HEFFERNAN—I will move to aviation air noise in Tralee. One of the great assets of the future for Canberra will be its airport capacity and its 24-hour operation, if it needs to be, as a transport hub et cetera. Here is a bit of history: when they originally built the airport, the aircraft went over parts of Jerrabomberra. They then built the houses and everyone jacked up on the noise, the aircraft having been there before the houses. So they moved the noise—and I will not go through the technical detail and bore everyone.

Senator Conroy—We have had quite a discussion about Canberra Airport already, Senator Heffernan.

Senator HEFFERNAN—Yes. We are about to have a discussion about the aircraft noise.

Senator Conroy—No, we have had quite a discussion about the airport and aircraft noise already.

Senator HEFFERNAN—Yes. I apologise that I was not here, but I was dealing with something that put me off my brain.

CHAIR—What was that?

Senator HEFFERNAN—Do you want another carton of beer? So my question on this particular aspect is: do you know if the minister wrote to the New South Wales Premier about the proposed development at Tralee?

Mr Russell—I will pass this to John Doherty if you do not mind.

Mr Doherty—It is probably more for the department than for Airservices. Yes, the minister did.

Senator HEFFERNAN—Is it correct, as stated in the *Australian*—which I understand has a copy of the letter—that the minister asked the Premier not to proceed with the proposed development of Tralee?

Mr Doherty—The minister expressed concerns about the potential for residential development—

Senator HEFFERNAN—A very wise consideration, I have to say, because it is a ridiculous proposition. Do you know if the New South Wales Premier is taking any notice of the minister's request?

Mr Doherty—It is clear that the decision to permit development there rests with the New South Wales government. I obviously cannot speak for what the decision would be, but they have been prepared to listen and try and understand the minister's concerns.

Mr Mrdak—In fact, if I can add to that, we have had ongoing discussions with New South Wales officials in the light of the minister's letter, and Mr Doherty and I will be meeting with New South Wales planning officials at a senior level in the coming weeks again to discuss the issues involved.

Senator HEFFERNAN—If the New South Wales Premier is not taking any notice of the most senior federal Labor minister—and we do not know whether he is or not; we will when you have that meeting—

Mr Mrdak—I think there is certainly a high level of engagement from his officials in relation to the issue.

Senator HEFFERNAN—The federal minister is supposedly handing down a national aviation infrastructure policy which will, I understand, contain policy about safeguarding airports from inappropriate development. Can you pass any comment as to why neither the Premier nor the New South Wales Minister for Planning is, at this point, taking any action to stop the development?

Mr Mrdak—I can only reiterate, as Mr Doherty said, that New South Wales is continuing their planning process. Their amendment to the local planning scheme is proceeding in accordance with their statutory processes and, as I say, discussions are continuing. I do not think you could characterise it at this point as their ignoring our concerns.

Senator HEFFERNAN—You would be aware—and I would inform the committee—that there have been exclusions made in past days for infrastructure development, and the dam exclusion is one. So it is possible to plan to exclude an area to allow the free development of the airport. They have the power to do that.

Mr Mrdak—Certainly I think that state government can, through their various planning schemes, make arrangements to minimise environmental impacts of certain activities.

Senator HEFFERNAN—I understand that this development has been opposed by—and correct me where I go wrong—Airservices Australia; CASA; Qantas; Ansett; Virgin Airways; Rex; the overnight freight association; the Transport and Tourism Forum; the Tuggeranong Community Council; the Woden Valley council; the Weston Creek council; Bob McMullan, the member for Fraser; Jon Stanhope, the Chief Minister of the ACT; Annette Ellis, the member for Canberra; Kate Lundy; Gary Humphries; the Commonwealth minister for transport prior to the current minister; and the Hon. Martin Ferguson, the current Minister for Resources and Energy and Minister for Tourism. Are you aware of all that opposition?

Mr Mrdak—I am.

Senator HEFFERNAN—Qantas, in particular, seem opposed to the development in a particular way. Given all this opposition, do you have any idea why the New South Wales government, local MP Mike Kelly and state MP Steve Whan appear hell-bent on this development going through? It does seem odd, doesn't it, when ultimately they will have to deal with the aircraft noise issue that they probably will not be able to solve because we have already solved—

Senator Conroy—I think you are asking an opinion.

Senator HEFFERNAN—the Tuggeranong—

Senator Conroy—You are asking an opinion of the officer at the table.

Senator HEFFERNAN—I apologise for that, Minister. I knew you would keep me on the straight and narrow. The issue will, in all probability, have some political ramifications. In this regard, I understand there is a development proposed under the flight paths near Newcastle Airport. Are you aware of that development?

Mr Mrdak—I am not.

Mr Doherty—No.

Senator HEFFERNAN—Do you know what the position of Dr Mike Kelly is with regard to that proposed development?

Mr Mrdak—I do not; I am sorry. I am not familiar with his views.

Senator HEFFERNAN—Would it surprise you to know that Dr Mike Kelly is opposed to that development? If you do not know about it, you will not be surprised, but he is opposed to it. Obviously Mr Whan, in his previous life, has a—

Senator Conroy—If you are going to go there, I am going to start talking about—

Senator HEFFERNAN—Righto. Has the—

Senator Conroy—the single largest donor to the ACT Liberal Party, the Snows, who own the airport. So I am happy to go there any time you want, but keep going.

Senator HEFFERNAN—Yes, and I understand that. What is the name of the former Premier over in the west there?

Senator BACK—Brian Burke.

Senator HEFFERNAN—When these people came to see me, the guy who introduced the developer said to me, ‘I’m the Brian Burke of Canberra.’ That is how he introduced himself. Most of the Tralee development, you would agree, is in the high-noise corridor.

Mr Doherty—The nature of the proposal has changed over a period of time.

Senator HEFFERNAN—I am aware of that.

Mr Doherty—But there is still a significant proportion in the sensitive ANEF zones—in particular, 20 to 25.

Senator HEFFERNAN—Yes. So all flight paths over Tralee and Environa have been moved there because of the political uproar over Jerrabomberra. And that was not you fellows, that was another government.

Mr Doherty—I am not sure that it is correct to say ‘all flights’. It is the RNP approach—

Senator HEFFERNAN—Some of the noise that is mitigated by moving it to the west.

Mr Doherty—for aircraft which have a certain capacity.

Senator HEFFERNAN—Homes, under what is proposed, would be directly under runway 17 departure flights. Is that true?

Mr Doherty—I think departures as much as arrivals. I think both arrivals and departures to the south would be close.

Senator HEFFERNAN—Homes would be directly located under runway 35 RNP arrival path.

Mr Mrdak—That is right.

Senator HEFFERNAN—Homes would be located under the proposed runway 35 offset wide body arrival flight path.

Mr Mrdak—That is my understanding.

Senator HEFFERNAN—Homes would be located in an area where a single event noise from V767 and V737s exceeds 65 dBA L_{Amax} and in some cases exceed 70. ‘The location under the flight path means residents will complain about noise. This view is confirmed by Airservices.’ Would you confirm that? There is going to be a noise problem.

Mr Doherty—I think, on the basis of experience of those who have been around, what we have heard consistently is they would expect complaints about noise from those sorts of levels.

Senator Conroy—Especially at three o’clock in the morning.

Mr Russell—Yes.

Senator HEFFERNAN—I will endeavour to assist the committee by putting some of this material on notice.

CHAIR—On notice, okay.

Senator HEFFERNAN—This, in my view, is a very odd decision. Once developed, the residents of Jerrabomberra, Karabar and South Queanbeyan all objected to the level of noise.

So we would expect, once developed, the people under the now flight paths would probably be expected to object. That would be fair enough, wouldn't it?

Mr Mrdak—It has been the experience, where there has been greenfields development under existing flight paths, that once the development takes place there have been complaints and that was certainly the experience when the Jerrabomberra development took place in the 1980s.

Senator HEFFERNAN—So rather than burden you, because you know all the technical reasons why almost everyone in the federal government is opposed to this—and I note that the Brian Burke of Canberra got himself onto the community committee and declared the interest—

Senator Conroy—Who is this person you are referring to?

Senator HEFFERNAN—I will not name him. He is a former MP in the ACT government.

Senator Conroy—I think I have met him once or twice.

Senator HEFFERNAN—Yes, and so have I, to which meeting I called the Australian Federal Police. In 2005 there was the implementation of the Required Navigation Performance curved approaches procedure, otherwise known as the Jerrabomberra bypass. These procedures again move flight paths away from Jerrabomberra and directly over Tralee. The implementation of the standard instrument departures and standard terminal arrival routes further concentrated aircraft operations within the noise abatement areas, which is the proposed subdivisional development. The result of all these changes has been that the impact of noise on Jerrabomberra residents has been significantly reduced. There have been numerous attempts to develop Tralee, Environa and the Poplars areas.

In 2000 the rezoning got all the way to the New South Wales planning minister's office, which in recent days has had a lot of publicity of lost memory, for approval, at which point the New South Wales planning minister—no longer in the show—Andrew Refshauge rejected the rezoning proposal. In 2005-06 the proposal was referred to the independent review panel commissioned by the New South Wales minister for planning to investigate the land release. This independent review rejected outright any residential development at Tralee. The rezoning proposal is emphatically opposed by all the organisations, including Qantas, Virgin et cetera. In a recent submission, 2009, Qantas noted:

Unfortunately, notwithstanding the high potential for operational impacts associated with greenfield developments near airports there are currently examples of approved planned—

Senator Conroy—Sorry. Senator Heffernan, this is Senate estimates where the process is you ask questions, not read into *Hansard* anything.

Senator HEFFERNAN—Yes, I am just going to see if the council—

Senator Conroy—You can surprise us all by giving a speech in parliament on adjournment and put all of this on the record, if you would like.

Senator HEFFERNAN—I just want to confirm that Airservices—

Senator Conroy—No, you are not, you are reading a speech.

Senator HEFFERNAN—No, I am not.

Senator Conroy—You are.

Senator HEFFERNAN—It is four lines.

Senator Conroy—Either ask a question—

Senator HEFFERNAN—I am going to ask, are they familiar with this view of Qantas? Is that all right?

Senator Conroy—Can we get around to the question?

Senator HEFFERNAN—Yes, I will.

Senator Conroy—I think you are going to find the answer is yes.

Mr Russell—I was about to say that.

Senator Conroy—Yes. Next question.

Senator HEFFERNAN—Qantas also said that a proposed development of 4,685 homes under the airport's main arrival and departure flights is unacceptable. You are aware of that?

Mr Russell—Yes.

Senator Conroy—You could just table the document, Senator Heffernan, and then everyone will have it, without you having to actually read it out word for word, pretending you are asking questions.

Senator HEFFERNAN—No.

Senator Conroy—Or you could stand on your feet in the chamber.

Senator HEFFERNAN—I am trying to do my best to illustrate that there is something wrong with what is going on out there.

Senator Conroy—Then give an adjournment speech in parliament. Do not waste the time of estimates pretending you are asking questions of officials. The purpose of estimates is to ask questions of the officials, not read them something and say, 'Have you heard this?' You are just giving a speech in disguise, Senator Heffernan. I do not mind you asking questions, but please ask some questions.

Senator HEFFERNAN—Is it true that the Village Building Co. proposes to develop Tralee?

Senator Conroy—I am not sure that Airservices is able to confirm or deny a development in Tralee.

Senator HEFFERNAN—I am asking Mr Mrdak.

Mr Mrdak—Yes, I think that is the main proponent.

Senator HEFFERNAN—And is Bob Winnel the CEO and 20 per cent shareholder in that?

Mr Doherty—I do not know about the level of his shareholding, but certainly he—

Senator Conroy—Do the Snows own 100 per cent of the airport? Are they the largest donors to the Liberal Party in the ACT? Have they got you on the payroll?

Senator HEFFERNAN—I am trying to assist the Commonwealth to highlight the absurdity of a proposition to alienate one of the greatest assets our national capital has, which is an airport that does not have aircraft noise problems, and it can be a 24-hour international airport, it can be a 24-hour transport hub, and for some strange reason—

Senator Conroy—I have actually lived in Canberra for a long time and I assure you that no-one has proposed it be a 24-hour international airport, because of this thing called fog.

Senator HEFFERNAN—And the same goes for Sydney and anywhere else where there is fog, or Wagga—

Senator Conroy—Not compared to Canberra.

Senator HEFFERNAN—or Albury or—

Senator Conroy—You know that is not true.

CHAIR—I think, Minister and Senator Heffernan, looking at the clock, we are rapidly running out of time. We still have another two agencies to come. So I would urge you to come to your question, Senator Heffernan. If you run out of time, feel free to table your questions.

Senator HEFFERNAN—The Brian Burke of Canberra, Endeavour Consulting, Steve Whan, who now has some power—

Senator Conroy—And Jim Snow is the largest donor to the Liberal Party in the ACT and you are in here blatantly defending his commercial interests.

Senator HEFFERNAN—I am not familiar with anyone who—

Senator Conroy—Blatantly defending his commercial interests.

Senator HEFFERNAN—Mr Winnel or anyone else. Mr Winnel, as I understand it, is a donor to the Liberal Party, for God's sake. So he will not be very happy.

Senator Conroy—He is not the largest donor to the Liberal Party like Mr Snow is.

Senator HEFFERNAN—I do not care who donates to the Labor Party or the Liberal Party.

Senator Conroy—Yes, you do.

Senator HEFFERNAN—You do not have to be a crook to make a donation and you do not have to be a crook to receive a donation. I am just pointing out that there are some serious conflicts of interest.

Senator Conroy—I do not think ASIC have ever raided Endeavour Consulting. I know they have raided Mr Snow's operation. I reported on it some years ago.

Senator HEFFERNAN—I think what I might do, to assist the committee, is table the connections between the various players who are doing everything, from Mr Whalan's partner's connections—the whole show. This is a scam show.

Senator Conroy—What is a scam is that the largest donor to the Liberal Party is afraid that he will have his money cut off, and you are representing his commercial interests.

Senator HEFFERNAN—I could not give a rats about who makes donations to anyone. All I know is that every sensible person in the federal parliament thinks this is a stupid

development. There are hundreds of thousands of hectares around Canberra that can be developed. This guy, when we last had him here four years ago, which then caused the Brian Burke of Canberra to turn up in my office, had an option on the place—he had not bought it. There are plenty of other opportunities.

Senator Conroy—Do you have a question?

Senator HEFFERNAN—We have done it with the dam site. We have excluded the area around the dam site to protect the catchment.

Senator Conroy—Do you have a question, Senator Heffernan?

Senator HEFFERNAN—Say that again.

Senator Conroy—Do you have a question?

Senator HEFFERNAN—Yes. Does it, to the best knowledge of the department, make any sense at all to allow this development to go ahead?

Senator Conroy—Now you are asking an opinion, not a question, and you know they cannot give an opinion.

Senator HEFFERNAN—But we know they have already objected.

Senator Conroy—No, the minister has. You are asking them to give their opinion.

Senator HEFFERNAN—Airservices have objected. Isn't that true? I am asking Airservices. You have objected.

Mr Russell—We were asked to comment on the technical veracity of the ANEF forecasts and that is what we have done.

Senator HEFFERNAN—Mr Chairman, in another forum—

Senator Conroy—Yes, get up in the parliament and do it.

Senator HEFFERNAN—which will not be estimates, which will be in our committee, I will table what is considered to be the paper trail of conflicts that exist in this debate.

Senator Conroy—The good news is, you do not need a paper trail to expose Snow.

Senator HEFFERNAN—And they are absolutely outrageous. I could not give a rats.

CHAIR—Of course.

Senator HEFFERNAN—I do give a rats for a 24-hour—

CHAIR—Okay, gentlemen—

Senator Conroy—We agree to disagree. Let's go back to questions.

CHAIR—Are there any questions you wish to table, Senator Heffernan?

Senator HEFFERNAN—Yes, I do have some.

CHAIR—On that, are there any further questions of Airservices Australia? If not, thank you very much, gentlemen.

[9.39 pm]

Civil Aviation Safety Authority

CHAIR—Welcome, Mr McCormick and officers of the Civil Aviation Safety Authority. Do you wish to make a very brief opening statement, Mr McCormick?

Mr McCormick—Thank you, Mr Chairman. In view of the time, I think we most probably can hold that.

CHAIR—I appreciate that. Thank you very much. I am led to believe Senator Macdonald has a question that will go not longer than 15 seconds.

Senator IAN MACDONALD—It will be very short! In response to some questions last time about TAWS A and TAWS B, you have given me some information. I had actually asked what the cost of a TAWS B—and if I can add to that TAWS A—might be. I said \$10,000, \$100,000, \$1,000, what is it? You took it on notice. You gave me an answer on notice but you did not answer that part of the question. What is the cost of a terrain awareness warning system A, which is a terrain display and radar altimeter, and a TAWS B, which is just, as I understand it, a terrain display; capable of allowing a terrain display.

Mr McCormick—Yes, that is correct. We will get that information for you, if I can get back to you during this session. We thought that answer was comprehensive but obviously it was not.

Senator IAN MACDONALD—I was really asking you what the cost was, and that is the only bit you did not answer. You did answer the rest. Is it expensive? Would anyone have a rough idea? While you are sitting down, what I want to assess is, what is a 40-year-old Beech Baron worth? A couple of hundred thousand? I am wondering what it would cost if you insisted they put them in?

Mr McCormick—While Mr Cromarty looks that up, I think we did answer the rest of that, as you say, on whether the Baron would be an aircraft that would fit into that category of seating more than nine passengers. The TAWS A installation is the terrain display and the radio altimeter and TAWS B is terrain display.

Senator IAN MACDONALD—I have the rest of the thing. I did want to confirm it with you, because quite often I do charter the Baron or the equivalent in the other brand. I thought they did have some of those sorts of things on board and, as I said last time, perhaps ignorance is bliss. This is why I am interested in the cost of doing it, to see what imposition it would be to insist that—

Mr Cromarty—We have recently invested in one of these devices so that we can do our instrument approach procedure reviews more accurately and with some better information about terrain awareness. The installation that we purchased was about \$105,000 for both the hardware and the installation.

Senator IAN MACDONALD—Am I right in saying the Barons are all, what, 30 or 40 years old? They have been maintained well and upgraded, but they are all that vintage, aren't they?

Mr Cromarty—I do not know about that.

Mr McCormick—Some of the Baron aircraft date back to the sixties. That is correct.

Senator IAN MACDONALD—There are no new twins in that size, are there? They do not make them any more.

Mr McCormick—They do not produce the Baron but there are other manufacturers, perhaps not quite as small, in that niche market of the Baron.

Senator IAN MACDONALD—I thought airline liability had stopped the manufacturers making those smaller aircraft. That is why we keep flying in 30- and 40-year-old aircraft. It always makes me feel young. I think the aircraft are older than I am.

Mr McCormick—I think there are more economics involved in the decision to replace fleets because a lot of those aircraft which were twin engine piston aircraft, the Baron being a classic example, have been replaced these days by single engine turbine aeroplanes, such as the Cessna Caravan.

Senator IAN MACDONALD—Yes, but the Caravan is quite a big aircraft. It is a bit hard for me to charter it on my measly charter allowance. So \$105,000. Without getting you to give me the price for a Baron, I make my own assessment that perhaps 300 or 400 might pull them up, so it is a big imposition if you were to insist that all charter aircraft have some sort of terrain—

Mr Cromarty—I cannot say how much the installation in a Baron would be. The installation that we have purchased was for a different type of aircraft, which is a twin turbo prop.

Senator IAN MACDONALD—Yes, but that has answered my question.

Senator Conroy—Was that 15 seconds?

Senator IAN MACDONALD—It is a little bit more, Minister, you are right, but there is a personal interest in this. Are you able to get me, on notice, how many aircraft that offer themselves for private charter around Australia, general aviation, less than nine passengers, would have that sort of thing? Is it something they would normally have, although they are not required? Do you know that? Would you have that information?

Mr McCormick—No, we would not have that information. We can look but we would not have that sort of information.

Senator IAN MACDONALD—Is there any requirement of CASA or anyone else for those offering charter aircraft to state whether they have these sorts of warning systems or not?

Mr McCormick—No, there is not.

Senator IAN MACDONALD—Has it ever been considered?

Mr McCormick—We have considered various options around charter operations in going forward and we are taking some steps. But mandating that passengers be informed of the equipment fit in some instances might be a bit technical for the odd person, where they are more concerned at the general risk rather than the specifics of the equipment.

Senator IAN MACDONALD—I was after some sort of assurance. I am not getting it. Thanks, Mr Chair.

CHAIR—Thanks, Senator Macdonald. Senator Back.

Senator BACK—Thank you, Chair. Gentlemen, thank you. I wanted to pick up from a discussion we had during Senate estimates in May with regard to drug testing by the agency. I think at that time a drug-testing procedure had been put into place and there were one or more false positives and the procedure was discontinued. Could you give us an update as to where you are—whether you have recommenced and, if so, what procedure you are now adopting?

Mr McCormick—Yes, we have certainly recommenced drug and alcohol testing. Just in round numbers, for alcohol testing we ourselves and our third party providers have conducted—and that includes organisations which are required to have a drug and alcohol management program—14,273 alcohol tests. We have seven confirmed positives. That gives a percentage of 0.04 per cent. On drugs we have conducted 4,091 tests. Of that 4,091, we at CASA have conducted 1,245. From 4,091, we have had 17 confirmed positives, which equates to a 0.4 per cent positive rate.

Senator BACK—I will leave the alcohol testing and concentrate on the drug testing. You have remained, I imagine, with saliva testing, or have you now moved also to urine analysis?

Mr McCormick—No, we are still using the DrugWipe saliva test.

Senator BACK—In the event of there being an apparent positive, can you tell me what action is taken now? Are they being subjected to a second, more exhaustive test, either on site or in a laboratory?

Mr McCormick—The current protocol is for the second test to be conducted by an accredited laboratory. If the second test is positive, it returns to the drug and alcohol management program of the organisation and they then conduct an interview and further research into whether there are over-the-counter medications involved, such as codeine, which could have led to the positive test. Then there is an assessment carried out about how the person who is positive is treated, and the person who is negative, of course, from the second test returns to work in a safety-sensitive position.

Senator BACK—Presumably there is a process now in place to ensure confidentiality between the first and second testing?

Mr McCormick—Very much so.

Senator BACK—Has that been 100 per cent successful?

Mr McCormick—We are not aware of any breaches of confidentiality, and I have no idea who these people are myself because of the confidentiality of that program.

Senator BACK—Can you give us an indication as to who in the system is liable to be the subject of testing?

Mr McCormick—Anyone who is deemed to be in a safety-sensitive position. That would be all aircrew, all air traffic controllers, licensed engineers and other engineers on the ramp. It could extend to baggage handlers. It could extend to check-in people in some instances. The target group is those who are directly affected by safety decisions.

Senator BACK—I think we were told in May that there was a process by which management staff or supervisory staff were advised in advance that testing was going to be undertaken. Is that still the case, or has that been changed?

Mr McCormick—I think that was a bit of a misquote from Mr Carmody at the time. We give notice of only about an hour and that is merely to ensure that we have an area which is secure, away from anyone else, to protect the privacy of the individual before we conduct the testing. It is as random and no-notice as we can make it.

Senator BACK—Managerial and supervisory staff are also subjected to testing if they happen to fall into the categories you have mentioned?

Mr McCormick—Very much so.

Senator BACK—Excellent. The only other question I have—and I am very interested to learn about those figures, which I think are remarkably low and you ought to be congratulated—is in relation to your integrity testing. Does the department subscribe to Australian Standard 4760, I think it is—‘Procedures for specimen collection and the detection and quantification of drugs in oral fluid’? Is that basically the guideline that the department is using?

Mr McCormick—I am not aware of what the actual number is, but I can take that on notice and let you know.

Senator BACK—Sure. That then leads to my question. With regard to integrity testing, particularly of negative samples, can you tell me whether or not a percentage of negative samples are being subjected to further confirmatory laboratory analysis which is in accordance with the Australian standard?

Mr McCormick—Indeed, I think that is exactly what the protocol calls for.

Senator BACK—Yes. I am just wondering if it is happening.

Mr McCormick—Yes.

Senator BACK—Be it alcohol testing or drug testing, are you able to share with us what the department’s procedures are in relation to positives, or is that confidential information?

Mr McCormick—The program itself is as I outlined. After the first test proves positive, the second sample is sent away for laboratory testing to confirm that there is a positive test. If it does prove positive, then the organisation’s DAMP program actually handles the individual person and makes an assessment of whether there are mitigating circumstances or other factors which could have led to the positive result, in the case of drugs or alcohol, and then the management of that individual is left with that DAMP program.

Senator BACK—Within Australia is there testing that is now able to be done in all major airports and regional airports?

Mr McCormick—Very much so. We recently conducted 69 tests between Horn Island and Broome, across the north of Australia. We can give you the breakdown of the actual locations and the number of—

Senator BACK—Of course, if strangers turn up with white coats on, presumably that does not take very long to circulate around the place.

Mr McCormick—I assume you are talking about our people.

Senator BACK—I am, yes. I am talking about your testing personnel.

Mr McCormick—It may be a little bit difficult, once we have been at one airfield, to not broadcast our appearance at some other airfield close by—that is true.

Senator BACK—But I think that is a tremendous improvement from the last time we addressed this question.

CHAIR—I must say, Mr McCormick, I think the great test in Senate estimates is to see if you can come on late at night and not get bombarded, so the new broom must be sweeping clean. Congratulations. Before you go, just very briefly would you like to tell us of some positive developments under your leadership since we last saw you?

Mr McCormick—I will revert to the opening statement I did not make, quite quickly.

CHAIR—Go for it.

Mr McCormick—If we hark back to the previous meeting, where I had flagged to you that my intention was to make a number of changes to CASA to better align the organisation with the safety functions outlined in the Civil Aviation Act, I have instituted some organisational changes within CASA and a review of our documentation, procedures and practices is currently underway. During this process, we have consulted with industry, our other stakeholders and with our staff. I expect that further refinements to CASA's structure will follow.

This organisation will provide both the aviation industry and the wider aviation community with a clearer understanding of how and why we regulate. The robustness of any organisation, however, depends very much on the quality of its people. CASA has a dedicated and professional staff but, like many organisations in the aviation industry, we have an ageing staff profile. We also have similar difficulties in attracting and retaining skilled staff, who continue to be in high demand across the industry.

Technical training was identified as an issue by the International Civil Aviation Organisation in its 2008 audit, and this is a priority for us, with a range of new programs to enhance staff capability in areas such as leadership, regulatory skills and technical expertise. We are in the process of putting in place comprehensive initial on-the-job recurrent and specialist training programs for our technical staff.

I welcome the expertise of Dr Allan Hawke and other members of the CASA board in ensuring these improvements in governance are well grounded and consistent with CASA's obligations under the legislation. The board has now formally met on two occasions. One area where the CASA board and I will be working closely to prioritise areas of action is in finalising the regulatory reform process. Four key areas of regulatory reform we are concentrating on are airways, licensing, maintenance and flight operations.

In this process the industry will be consulted, but the practice of the past—consultation with a view to the achievement of consensus, where consultation frequently resulted in paralysed action, sometimes for years—cannot and will not continue. Consultation does not equate to agreement and, while all views will be seriously considered and taken into account, at the end of the day CASA, as the regulator, is responsible for making, and will make, the

final decisions. We are looking to have the new maintenance regulations made in the first half of 2010 and to complete legal drafting of the operational passenger transport licensing regulations by the end of 2010.

One example of CASA's decision making I would like to outline to you is the changes in the general aviation aerodrome procedures, or GAAP. On 21 July 2009 I issued legal directions to Airservices Australia and pilots in relation to GAAP at Archerfield, Bankstown, Camden, Jandakot, Moorabbin and Parafield aerodromes. These changes include a reduction in the number of aeroplanes allowed in the circuit and requirements for air traffic control clearance for all aircraft entering, crossing and taxiing along any runway. The revised procedures are the result of numerous surveillance activities undertaken by CASA over the last 12 months, as well as reviews by independent consultants and accident reports for midair collisions from the Australian Transport Safety Bureau.

We further say that this action by CASA has received mixed reviews from the industry. However, this was a decision that had to be made in the interests of safety. We are committed to working closely with Airservices, as well as with pilots and operators, in the management of each of the six aerodromes to ensure that the changes are implemented in a safe and structured manner.

CASA has rolled out a comprehensive information program on these changes over the last few months. We have undertaken hazard identification workshops to review the cap on the number of aeroplanes permitted in the circuit and to undertake further risk assessment. These workshops involve the chief pilots and chief flying instructors and operators of each of these six airports, as well as the airport owners and operators, Airservices Australia and relevant industry associations, such as the Aircraft Owners and Pilots Association and the Royal Federation of Aero Clubs. This step is just one of a series of actions that CASA has undertaken to strengthen our safety oversight of the industry.

CASA has moved a step closer to boosting its presence across Northern Australia. Locations for four new workplaces for CASA staff have been identified on Horn Island, Gove, Kununurra and Broome. These stations will all provide better on-site support to CASA inspectors working in the Torres Strait, Arnhem Land and the Kimberley regions. All four of these work places are in the process of being opened or very close to being able to be opened.

Before concluding, I would like to make an important point, one that should probably have been made long before now. CASA is certainly no stranger to criticism, complaints and variably informed expressions of dissatisfaction with the things we do and the way we do them from the diverse industry we regulate, amongst others. I welcome this, as a responsible director of any regulatory authority should welcome balanced, reasonable and constructive advice about where we may have gone wrong, or where we may at least be seen by some to have gone wrong, or where we might do better. Well-meaning criticism can be helpful, even if it is wide of the mark, and it gives us a better understanding of the way our actions are perceived and experienced.

So let me be clear: I have absolutely no interest in discouraging or dissuading our critics from drawing CASA's actual or assumed shortcomings to my attention, to the government's attention, or to the attention of the Australian public. As I said, I welcome and embrace this.

At the same time, however, let me be equally clear in highlighting the very significant difference between candid, robust criticism of CASA's actions as an organisation and what cannot fairly be characterised as other than mean-spirited, tendentiously self-serving and frequently false accusations about, and the vindictive public disparagement of, individual CASA officers by name and by station.

This is wrong and unfair and, in some cases, I think it is downright cowardly. It does nothing to advance the interests of air safety or organisational improvement, and it almost certainly is not intended to do either. If left unaddressed, it impugns the reputations and integrity of committed, capable and professional individuals who are dedicated to the critical, and sometimes thankless, regulatory and other safety related tasks, and it takes a serious toll on the morale of the entire staff in ways that, I dare say, some of those who try to conceal what is often nothing more than demagogic vitriol behind the facade of a pointed evaluatory critique could not begin to understand.

CASA is and I, as the Director of Aviation Safety, am, and all our employees are fully accountable for our words and actions, including our regular appearances before this committee, Chair. Clearly, these critics have no intention of exposing themselves to anything like the kind of scrutiny to which we are, and should be, subject. Frankly, I seriously doubt whether many of them could withstand it if they were. To those who constantly challenge CASA to lift its game I say, 'Thank you and keep it coming.' To those whose intent is merely to insult, denigrate, vilify and, in some instances I suspect, to defame individual CASA officers, unless and until they might be held accountable for their words and actions, I can only say, 'Shame'. Thank you, Chair.

CHAIR—Thank you, Mr McCormick. If it is any consolation, the commentary coming out of Perth is all positive from the airline operators that I have spoken to—and that is not the two biggies, I can guarantee you—and I do welcome your presence in Kununurra, from a selfish point of view, and look forward to watching CASA's progression in that fantastic part of the world.

Mr McCormick—Thank you, Chair.

CHAIR—Thank you, Mr McCormick, and to officials from CASA, thank you very much. Last but not least, I now call Australian Transport Safety Bureau.

[10.01 pm]

Australian Transport Safety Bureau

CHAIR—Welcome, Mr Dolan and officers. I believe there should be congratulations as the new Chief Commissioner.

Mr Dolan—Correct.

CHAIR—I was listening to Mr Mrdak's opening statement. We will, at this late hour, shoot straight into the questions. Mr Dolan, did you wish to make a very brief opening statement, seeing as it is your first time here?

Mr Dolan—I think you have already recognised, Chair, that this is my first opportunity, as the Chief Commissioner of the newly independent ATSB, to offer myself for questioning to

the committee. I think, given the hour, I do not need to add much more than that, except we welcome the discussion.

CHAIR—It might be your first time, but you are seasoned. Well done! I am sure Senator Nash and Senator Back will go soft on you, especially at this time of night, unless you do not need to be gone soft on.

Senator NASH—Thank you very much, Chair. No, it is very late, I am feeling very soft at this time of night. I am very seriously interested in the numbers of road deaths and information around that as to causes. Is that you or not?

Mr Dolan—I am sorry to disappoint you, but roads is not one of ours.

Senator NASH—I have done it again, haven't I?

Mr Dolan—We have got aviation, rail and marine.

Senator NASH—Of course. Okay, that is strike three for the day.

CHAIR—That is all right, Senator Nash. Do you have any other questions?

Senator Conroy—It is late.

Senator NASH—I think that is strike three for the day and I will just give up.

Senator Conroy—I think it is time to pack the computer up.

Senator NASH—Thank you for your advice, Minister. I think you are quite correct.

Senator Conroy—I am going to pack mine up.

Senator NASH—I shall pass to Senator Back, who I am sure has appropriate questions, and I do apologise.

CHAIR—But before we do, Senator Nash, what colour is red?

Senator NASH—I am toning with my jacket.

Senator Conroy—You cannot tell that you have gone red, don't worry.

Senator BACK—I am keen to explore with you the question of air safety with regard to the pilots, with regard to access to the cockpit in flight. You would be aware that it has been the subject of some conjecture. One of our Senate committees moved in this direction and I am keen to learn from the department what is the appropriate course of action and what is the most appropriate way forward.

Mr Dolan—I do not think I am doing particularly well, in that this is equally not an area that is a part of what the bureau does.

Senator BACK—That is all right. Delegate, Mr Dolan. The chair does it to us all the time. You can do it too.

Mr Dolan—From our point of view, I am not aware—and Mr Sangston may have a comment to add—of any accidents or serious incidents that we have investigated that turn on the question of access to the cockpit.

Mr Mrdak—If I may, I think the issue really turns on transport security issues and that is the basis on which the government has sought to take further steps to remove some anomalies

and loopholes in the current regulations which provide for access to the cockpit. Mr Wilson might want to give a brief outline of the government's position and the rationale for it.

Mr Wilson—The government has made it clear that what it wishes to do is to provide clear guidance in regard to who may and may not enter into the cockpit and under what conditions. Those regulations were, as you would be aware, disallowed recently. At that time, the government made its position quite clear: it would be seeking to reintroduce those regulations in the near future when the Senate is capable of considering them again, and at this stage that is the government's intention.

Senator BACK—Can I ask then—perhaps the chair or the minister can correct me if I cannot ask the question—what changes is the department recommending to government with regard to that disallowance, so that it would be in a form acceptable to the Senate?

Senator Conroy—I am not sure we could pre-empt the minister's final consideration and decision.

Senator BACK—I was not asking the minister's decision. I was asking the department's advice.

Senator Conroy—Advice from the department to the minister is not normally revealed, Senator Back.

Senator BACK—Thank you for that information. So, basically then, without breaking confidentiality of that committee, there were issues that came before the chamber—I noted them in the speeches that were made—so let me then put them to you in the form of a question. Do you believe it is reasonable that a pilot could be held responsible for the inadvertent or deliberate failure of a member of aircrew to close the door of the cockpit as they leave the cockpit?

Mr Wilson—I believe you have asked me for an opinion.

Senator BACK—Is it an opinion? I mean, you are responsible for air safety.

Senator Conroy—The minister's position is clear: he believes the regulations should be passed as they stand and the consequence of blocking the disallowance is that there are no legal restrictions on who can enter a cockpit and there are no penalties for unauthorised access to the cockpit. That is where we are at at this time because of the disallowance.

Senator BACK—All right, so let me ask the question again. Perhaps you cannot answer the question then on behalf of the minister. My interest is in the two areas that I have raised, and you have indicated that you cannot answer. The second area—again raised in speeches in the Senate, so I imagine it is in the public arena—is the transfer of criminal liability from an airline operator to the captain of that aircraft in that particular event.

Senator Conroy—I appreciate that you have raised this point and you are pursuing it. Obviously I am not in a position to comment myself, but I am happy to take that on notice and see if there is any further information the minister would like to provide in answer to that.

Senator BACK—I recall those being the two issues that were raised in the Senate in regard to this and obviously, like everybody else who flies all the time, I want to see it moved

forward. Again, it is the case that your officials cannot comment, but I ask that those two points be taken on board.

Senator Conroy—As I say, I will take that on notice and pass that on to the minister for you and see if he would like to respond or has got anything he would like to add to the points you have made.

Senator BACK—Thank you. Chair, that is it for me.

CHAIR—Thank you, Senator Back. Just before you do run away, Mr Dolan, is there anything you wish to tell the committee on your view for the future in relation to the Australian Transport Safety Bureau?

Mr Dolan—Very briefly, Chair, I am privileged to have taken over an organisation that is well functioning and professional and so I have the luxury of not having to do lots of things quickly in the organisation. What I have been doing over the last few months is trying as far as possible to talk and listen, to understand those areas where our various stakeholders feel the ATSB could improve. One of the key differences with the legislation that gave us our independence was a much clearer emphasis in the legislation on our role in safety education. Part of the conversation I am having is how we can make sure that the results of excellent investigations can be turned into a difference and an improvement in transport safety. So if there is a focus for the future of the organisation it lies in emphasising the safety education side of the business and doing more on that.

We will also have under review a continuing question of how, with what will always be limited resources, we can put our investigative attention to the right things; those that are most likely to give us a lesson where we will learn something that will make a difference for safety. That needs to be balanced against the reasonable expectation of coroners and of the next of kin of people who are injured or killed in accidents that we do a thorough job in all cases. So that is one of those issues that we will be resolving on the way through. Other than that, we look forward to continuing discussions and to sharing the lessons that we learn from our investigations.

CHAIR—Thank you, Mr Dolan, and on behalf of the committee—please do not take this personally—we hope we do not have to talk to you for very long through any Senate estimates in the future. To the officers of the Australian Transport Safety Bureau, thank you very much. Mr Mrdak and your crew, thank you very much. To the staff—Hansard and Broadcasting—well done again. That concludes today's hearings. Thank you very much.

Committee adjourned at 10.10 pm