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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Consideration of Additional Estimates

TUESDAY, 19 FEBRUARY 2002

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**SENATE
RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION
COMMITTEE**

Tuesday, 19 February 2002

Members: Senators Buckland, Cherry, Crane, Ferris, McGauran and O'Brien

Senators in attendance: Senators Buckland, Colbeck, Crossin, Ferris, McGauran and O'Brien

Committee met at 9.10 a.m.

TRANSPORT AND REGIONAL SERVICES PORTFOLIO

In Attendance

Senator Ian Macdonald, Minister for Forestry and Conservation

Corporate Governance Group

Mr Ken Matthews, Secretary

Mr Peter Yuile, Acting Secretary

Ms Lynelle Briggs, Deputy Secretary

Information Services and Executive Services

Faye Powell, General Manager, Information Services Group

Economic Research and Policy Co-ordination

Tony Slatyer, First Assistant Secretary, Economic Research and Portfolio Policy Division

Business Services

Rosanne Kava, General Manager, Business Services

Jeremy Chandler, Chief Finance Officer

Regional Development Group

Regional Policy Division

Nick Bogiatzis, Acting First Assistant Secretary,

Joan Armitage, Assistant Secretary, Regional Policy Services Branch

Jane Harriss, Director, Departmental Communications Unit

Daniel Owen, Assistant Secretary, Regional Policy Development Branch

Regional Programs Division

Robyn Beetham, First Assistant Secretary, Regional Programs Division

Wendi Key, Assistant Secretary, Stronger Regions Branch

Paul Davies, Acting Assistant Secretary, Regional Access Branch

Andrew Tongue, Assistant Secretary, Regional Access Branch

Michelle Patterson, Assistant Secretary, Regional Assistance Programs Branch

Territories and Local Government Division

Mike Mrdak, First Assistant Secretary

Andrew Wilson, Assistant Secretary, Non Self-Governing Territories Branch

Maureen Ellis, Acting Assistant Secretary, Self-Governing Territories, Local Government and

Natural Disaster Management

Dianne Gayler, Assistant Secretary, COAG Natural Disaster Review

Vivan Mawhinney, Director, Policy Section

Greg McColl, Director, Strategy and Jervis Bay Territory Section

Hugh Moore, Director, Asset Management and Financial Services Section

Geoff Watts, Director, Economic Policy Section

Vanessa Crimmins, Director, Strategic Partnerships Section

Alan Kuslap, Director, Natural Disaster Management Section

Darren Crombie, Director, Self-Governing Territories Section

Transport Group

Australian Transport Safety Bureau

Kym Bills, Executive Director, Australian Transport Safety Bureau

Adrian Beresford Wylie, Director, Safety Research and Education

Robin Graham, Director, Safety Investigations

Alan Stray, Deputy Director, Air Safety Investigations

Transport Policy and Infrastructure Division

Dr Greg Feeney, Transport and Infrastructure Policy

Sue Elderton, Strategic Transport Planning

Gary Dolman, Logistics and Technology

Judith Winternitz, High Speed Train Project

John Elliott, Infrastructure Investment

Stephen Borthwick, Acting Assistant Secretary, Infrastructure Branch

Transport Regulation Division

Bill Ellis, First Assistant Secretary

Peter Robertson, Assistant Secretary, Vehicle Safety Standards Branch

Robert Hogan, Assistant Secretary, Service Transport Regulation and Reform Branch

Linda Addison, Assistant Secretary, Airport Planning and Regulation Branch

Australian Maritime Safety Authority

Clive Davidson, Chief Executive Officer

Transport Programs Division

Trudi Meakins, Acting First Assistant Secretary, Transport Programs Division

Andy Hrast, Acting Assistant Secretary, Roads Programs Branch

Linda Holub, Assistant Secretary, Industry Programs Branch

Aviation and Airports Policy Division (including CASA and Airservices Australia)

Aviation and Airports Policy Division

Martin Dolan, First Assistant Secretary, Aviation and Airports Policy Division

Tony Wheelens, Assistant Secretary, Industry Policy Branch

Merrilyn Chilvers, Assistant Secretary, Safety and Environment Policy Branch

Andy Turner, Assistant Secretary, Aviation Security Policy Branch

Civil Aviation Safety Authority

Mick Toller, Director, Aviation Safety

Bruce Gemmell, Deputy Director

Rob Elder, Executive Manager, Corporate Affairs

Mike Williams, Executive Manager, Aviation Safety Compliance Division

Bill McIntyre, Acting Assistant Director, Aviation Safety Standards Division

Ray Comer, Executive Manager, Corporate Development

Sue-Ellen Bickford, Executive Manager, Corporate Services

Peter Ilyk, General Counsel

Rob Collins, General Manager, Regulatory Services

Mike Smith, General Manager, Aviation Safety Promotion Division

Karen Nagle, Risk Manager, Support

Airservices Australia

Bernie Smith, Chief Executive Officer

Andrew Fleming, General Manager, Air Traffic Management

Hisham El-Ansary, Chief Financial Officer and General Manager, Corporate Services

Brian Prendergast, General Manager, Infrastructure Support Services
Tom Grant, General Manager, Organisation Development and Corporate Secretary

Secretariat

Mr Robert Twomey
Mr Chris Hartnett
Ms Melissa Power
Ms Rowena Waters

CHAIR—I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. On 14 February 2002, the Senate referred to the committee the particulars of proposed additional expenditure for the year ending 30 June 2002 for the Agriculture, Fisheries and Forestry portfolio and the Transport and Regional Services portfolio. The committee will consider proposed expenditure for both portfolios during this week's hearings. The committee is required to report to the Senate by 13 March 2002. Answers to questions taken on notice and additional information should be received by the committee no later than Friday, 5 April 2002. Committee members and participating members have been provided with the portfolio additional estimates statements for each department. I propose to call on the estimates according to the format adopted in the printed program. The committee has authorised the recording and rebroadcasting of its proceedings in accordance with the rules contained in order of the Senate of 23 August 1990.

[9.11 a.m.]

DEPARTMENT OF TRANSPORT AND REGIONAL SERVICES

CHAIR—I welcome Senator the Hon. Ian Macdonald, Minister for Forestry and Conservation, representing the Minister for Transport and Regional Services. Senator Macdonald is accompanied by Mr Peter Yuile, Deputy Secretary, and other officers from the Department of Transport and Regional Services and related agencies. I also welcome Ms Lynelle Briggs, the new Deputy Secretary of the department.

Officers are reminded that an officer of a department of the Commonwealth and of a state shall not be asked to give opinions on matters of policy and shall be given reasonable opportunity to refer questions asked of the officer to superior officers or to the minister at the table. Finally, witnesses are reminded that the evidence given to the committee is protected by parliamentary privilege. I also remind you that giving false or misleading evidence constitutes a contempt of the Senate. Minister, would you, Mr Yuile or Ms Briggs like to make an opening statement?

Senator Ian Macdonald—No, thank you, Madam Chair. I would simply like to apologise for my late arrival. I was at the NHT board meeting, making sure that this committee's concerns were known.

CHAIR—We appreciate that concern, Minister.

Mr Yuile—Could I make a couple of opening remarks, particularly in relation to the restructure of the department, which is mentioned in the additional estimates. I would also like to put on the record the apologies of the secretary, Ken Matthews, who usually leads these estimates hearings, but who, on behalf of the minister, is representing the government at an international conference in Montreal.

As you will have seen from the additional estimates, a restructuring of the department came into place on 1 January this year. The secretary is not one to undertake such restructures lightly, and there has not been any significant structural change in the department for a few

years. However, flowing out of the work that we were doing in the department last year in relation to major policy and programs and also our various business processes in the department, and with the machinery of government changes that followed the outcomes of the election in November, which in particular brought in some functions from the former Department of Employment, Workplace Relations and Small Business and also functions from the Department of Finance and Administration on the natural disaster relief side, we thought it was an opportune time to make some changes.

The new organisation groups us as officers around the contributions that the government is seeking for us to make in respect of transport, regional development and a corporate governance group. Within those groups the divisions are focusing on core business processes such as policy development, safety investigation, program management, regulation development, research, administration and business services.

The transport group concentrates on policy, safety regulation and program functions, with the divisions bringing together those functions for all modes of transport, except in relation to aviation and airports. Due to the key issues which the sector is obviously facing, we have kept airports and aviation together as a division.

The regional development group consists of a policy division and a program management division, as well as the territories and local government division. As I mentioned, that includes responsibilities for natural disaster relief. Corporate governance covers corporate functions, economic research and portfolio policy, which are issues that cut across both the transport and regional services sides of the department.

We have done this at this time because we wanted to place greater emphasis and focus on our strategic policy work and enhance our regulatory reform and safety investigation roles, as well as our program management capability, by concentrating our expertise in those areas. We think that concentration will help us share expertise more effectively across the department and help in continuing to improve our business processes. Of course, those adjustments also align the structure a little more clearly with the portfolio budget statement and the outputs framework there.

We are also concentrating on building better linkages and communication across the department through use of what we have called group executive teams. These teams bring together people from all divisions who work together on issues that clearly cut across both transport and regional services issues.

I mention all of that because I think it is important for senators to understand that bit of background, and also to help them navigate through the estimates process with the new divisional responsibilities. These new divisional responsibilities are outlined in the additional estimates document at pages 22 and 23. The output framework against the new departmental structure is mapped at page 37. Given those changes, I also thought that might be useful, depending on questions which senators had, over morning tea or lunchtime.

Territories and regional development is, I think, reasonably straightforward. The transport side of the department has undergone further change and it might be helpful to make sure we have the right officers here at the right time in this transition period with our new structure. However, we can discuss that with you, Madam Chair, or the secretariat.

CHAIR—We appreciate that.

Mr Yuile—The other thing is that I have a document which I can hand over to the committee. This is a public document released by the secretary which maps the framework in

a bit more detail. That might be useful to committee members as well. That is all I wanted to say.

CHAIR—Thank you, Mr Yuile. Ms Briggs, is there anything you wish to add?

Ms Briggs—No, thank you.

[9.19 a.m.]

CHAIR—We will begin with the corporate governance group. Senator O'Brien, would you like to ask questions?

Senator O'BRIEN—Yes, Madam Chair. Mr Yuile, thanks for the indication of Mr Matthews' unfortunate commitment overseas. I am sure you will appreciate filling his role here today. I take it from the organisational structure you supplied that any questions relating to flood mitigation, for example, would arise in the territories and local government section.

Mr Yuile—That is correct.

Senator O'BRIEN—Historically, in the last financial year and in some of this year, there has been some administration of moneys in relation to New South Wales floods, as I recall. So that is where I would ask questions about that if I wish to do so?

Mr Yuile—Yes.

Senator O'BRIEN—With respect to advice provided to Minister Anderson in relation to statements he made in the second half of last year regarding funding for Namoi cotton growers, particularly a \$40 million funding program over 10 years—which was to deal with water resources, I am sure—I asked questions yesterday of AFFA and they could not recall providing any advice to their minister for Minister Anderson about the matter. I want to know under which section of Transport and Regional Services I could ask those questions, or whether I could ask you the questions, in order to pursue whether advice had been provided to the minister about certain things.

Mr Yuile—With respect to the area of the department that is dealing with natural resource management issues as they impinge on the portfolio, we have got an interest in the corporate governance group; the economic research and policy division has had an ongoing interest and involvement in environment issues as they impact on the portfolio. Also, in the restructuring of the department, in the regional policy division, we are giving more emphasis to natural resource management issues as they impact on regional areas and regional development—and they are working closely together. In respect of that particular issue, I am not aware of any advice that was given from the department, but I would need to check that.

Senator O'BRIEN—To assist you—and perhaps you could take the issue on notice—the minister said that the Commonwealth would provide funding of \$40 million over 10 years, provided it was matched by the New South Wales state government and, as I understand it, by the industry, and that the \$40 million would be drawn from existing programs. I wanted to know which programs the Deputy Prime Minister intended the moneys to be drawn from and when the department had provided advice to the Deputy Prime Minister with regard to that matter, if indeed such advice has been provided.

Mr Yuile—I will take that on notice.

Senator Ian Macdonald—When did you say that was announced?

Senator O'BRIEN—I think it was in the second half of last year. I did not bring the dates with me. I went through them yesterday, you will recall, at AFFA estimates. I think you were there.

Senator Ian Macdonald—It must have been when Senator Troeth was there.

Senator O'BRIEN—That is possibly true. I went through them yesterday. I can send the dates of the press clippings to Mr Yuile, if that will assist.

Senator Ian Macdonald—Just to make sure we are talking about the—

Senator O'BRIEN—I did ask these questions of the appropriate AFFA officials yesterday and they were unaware of—

Senator Ian Macdonald—Did they say it was a DTRS thing?

Senator O'BRIEN—They said it might be, so I guess I am chasing down the 'might be'.

Senator Ian Macdonald—The best thing might be if I took it upon myself to find out from Mr Anderson.

Senator O'BRIEN—That is fine. I understand that Mr Matthews will be attending an IKO security meeting later this week as well.

Mr Yuile—It is on now, Senator.

Senator O'BRIEN—And Mr Matthews is the minister's representative.

Mr Yuile—I would have to check the formal credentials. The minister was invited, but because of parliamentary commitments he could not go. So I think that the secretary has been nominated as his nominee. I would need to check what the formal credentials say, if you want to find that out.

Senator O'BRIEN—Okay.

Mr Yuile—My understanding was about half of the delegates would be ministerial and half would be officials. But, again, I can check that if you want it.

Senator O'BRIEN—Okay.

Senator Ian Macdonald—Where is it?

Mr Yuile—It is in Montreal. I think the only redeeming feature is that the temperature in Montreal has gone up a bit in the last week.

Senator O'BRIEN—The only redeeming feature? I am sure that is true. Mr Yuile, could you outline for the committee the basis for the restructure that occurred at the end of last year? I think you touched upon it. You were talking about some sort of make-sense arrangements, as I understand it. What drove it? What was the factor that decided it? Was there a planning group that talked this through, or was it the initiative of the secretary? How did it come about?

Mr Yuile—Perhaps I said it a bit briefly, but we did a lot of work in the department through the year on major policy issues that we were confronting, and we were trying to look to the horizon for issues that were coming down the track at us. I think there was a feeling within the department that it was timely to put more effort into some of our policy work—both on the transport and the regional side. Also, as a result of work being done on business processes in the department—for example, various areas were working on regulation, be it in the airports area, the maritime area, the aviation area or on the roadside, and similarly on

program management, with programs being run out of an aviation division, or the old Land Transport Division or the cross-modal division—there was a feeling that we had a lot to learn if we put those functions together, if we put together the systems that were underpinning them, and that we could share what we learned from that. I think a general view was that it was time to look at our structure.

There was a process whereby the secretary was looking at the structure, particularly following the election and the outcome of the election—the addition of our colleagues from the former Department of Employment, Workplace Relations and Small Business and from the Department of Finance and Administration. The process was that the secretary worked on his ideas together with members of the executive board. He then took those ideas to the department and the consultative process. He sought the views from department officers, as well as from a formal consultation with the unions in the department. As a result of that consultation and the feedback, he finalised his decision about it. As I said to you, he is a person who does not undertake such things lightly and has been loath to change in the two years that he has been secretary, but he felt that now was the right time to make those changes and try and get the benefits that we think we can by giving those sorts of concentrations to policy program work and regulatory work.

Senator O'BRIEN—Under Transport you have got two policy units, effectively, with subunits there. Is that how you would describe them? The aviation airports policy being one and the transport and infrastructure policy being the second.

Mr Yuile—We consciously decided to keep aviation airports policy separate at this point in time because of the significant changes going on in aviation and the need we felt to keep that group together in a singular way. We did think about and argue through the issues of whether we would put all the programs together—regional programs and transport programs, for example, in the way the old AusIndustry does in the Department of Industry, Science and Resources. But, again, we thought at this point in time that was probably too big a change and we needed to keep the focus between those two. You are quite correct; there is infrastructure as well as airports.

Senator O'BRIEN—Do these units imply collocation? Do they work together?

Mr Yuile—Yes.

Senator O'BRIEN—You have got transport regulation division and they are in a discrete area together, and the policy units et cetera.

Mr Yuile—We are largely housed in one building in Alinga Street with some of our staff also in the Drakeford Building, a couple of doors down the road. But we are very conscious of the need for close integration and close communication and discussion right through our processes, which is why we have established what we have called group executive teams on the transport side and on the regional side. That brings together the division heads, branch heads and some other officers at other levels across the divisions to work through particular major issues, but there is always ongoing discussion between divisions as there has been in the past.

Senator O'BRIEN—How do you maintain the links between policy, regulation and program units in particular areas? What is your plan to do that? You have got aviation policy in one group, you have got airport planning and regulation in another, and then presumably you have got particular programs in the transport programs unit. Is that right for aviation, for example?

Mr Yuile—Yes, that is correct. There is daily communication just as there was formerly in the old divisions. You can understand the arguments about how you cut the cake and you can organise it in a variety of ways. We thought this was a way that we would get maximum learning across the experiences of different people working on regulation, programs and policy, but there is daily contact and communication. Maybe Ms Briggs might like to comment.

Ms Briggs—If I could pick up on what the acting secretary was saying, we are also introducing a new arrangement which we call the group executive team. These are teams within the two key line groups; namely, transport and regional development. The teams are just being established now. They will begin meeting next week. Mr Yuile and I will attend both of the groups. But, in essence, they are teams of staff from the senior executive service together with some of our executive level staff, and those groups are discussing issues which range across the divisions within individual groups. Also, they are joined by some of our staff from the opposite group, if you like. So on the transport group we have some people from the regional development group, and the idea is there that our transport thinking should not only be about transport and infrastructure. We need to think more broadly about the regional development side of the framework, as we do our transport and infrastructure policy. Similarly, on the group executive team that relates to regional development, we have transport and infrastructure people engaged there. We see that as a way of more effectively forging links than we have been able to do previously—forging links right across the organisation but as well within the different areas of transport and regional development.

Senator O'BRIEN—How do the other arms of bureaucracies that report here fit into CASA air services, for example?

Mr Yuile—CASA is linked with the aviation safety and environment policy branch and that area retains the liaison with CASA and Airservices as it did before.

Senator O'BRIEN—I would have thought they would be a part of transport regulation but they are a policy unit as well.

Mr Yuile—That is true but the prime point of contact at this point remains the safety and environment policy branch.

Senator O'BRIEN—What about Airservices?

Mr Yuile—Yes, similarly, although as you say they are linked to the regulation division.

Senator O'BRIEN—And a program?

Mr Yuile—Yes.

Senator O'BRIEN—They are about delivering airport and air navigation outcomes. CASA is more of a regulator and they are the program deliverer, aren't they?

Mr Yuile—Yes, they are. But for the moment that is where we have kept the focus—

Senator O'BRIEN—So they are both involved in safety and environment policy?

Mr Yuile—The prime point of contact, which I think has been the case to date, has been with that branch, and for the moment that is how we have continued to retain that contact. But you are right: they do deliver air services and similarly with regulation—

Senator O'BRIEN—Predominantly, aren't they? Airservices is not so much a policy unit at all; it is about service delivery.

Mr Yuile—That is right, and the department obviously has to have a concern to make sure that the policy side of it is correct in terms of advice to the minister about policy. We do not endeavour to replicate Airservices—the programs that they deliver.

Senator O'BRIEN—How do they connect to the department, if I can put it that way—those two agencies?

Mr Yuile—I guess there are a couple of connections. There are the regular connections that take place at CEO level between the secretary and the CEOs of those organisations. In respect of aviation policy, for example, reform policy, those responsibilities reside within the aviation airports division. As I say, the liaison point with the department remains that safety and environment branch, and that is how we have retained it for the moment. That is as it was before.

Senator O'BRIEN—Presumably, they have an 'as required' connection with the minister. Is the day to day connection only through the safety and environment policy unit?

Mr Yuile—Primarily that would be the case because, as you say, they are statutory authorities or independent bodies which are delivering services under boards to the aviation sector. As you say, they also would report to the minister. But in terms of liaison on any policy issues on the aviation side that might affect CASA, or anything on the air services side, then the safety and environment branch and staff of that division would be typically the key points of contact.

Senator O'BRIEN—So if CASA is going through a regulation making phase, assuming they have not changed the notice of proposed rule making and the like, their connection would simply be a reporting process to the safety and environment policy unit of the aviation airports policy division?

Mr Yuile—Yes. I think that is where the liaison point is. That is right.

Senator O'BRIEN—If Airservices is going through a review of its operations in some way, shape or form, be it modifications to the TAATS system or proposals to contract out fire fighting and tower services, it will be the same point of contact only?

Mr Yuile—That is right—that division, because it has policy responsibilities. The programs and the regulation divisions relate to the programs we deliver and the regulations that we are responsible for making as a department. As you say, CASA has an act and a set of responsibilities with respect to regulation and safety. Airservices similarly has a responsibility and a separate set of functions with respect to the delivery of those air services. The point of contact in the department typically is around the policy framework for those organisations. So in that sense I think airports and aviation policy continues to be the appropriate linkage point, if you like, between the department and those bodies.

Senator O'BRIEN—Where does AMSA sit?

Ms Briggs—AMSA sits under the Transport Regulation Division; it is the key link there.

Senator O'BRIEN—So do they sit under surface transport regulation?

Ms Briggs—The main point of contact with the department is in the Transport Regulation Division.

Senator O'BRIEN—How does that main point of contact work?

Ms Briggs—There is liaison around various things that AMSA is doing. But, as Mr Yuile has indicated more broadly with CASA and so on, on some things they would link in to the

Transport Regulation Division, and at other times they will link in to the Transport and Infrastructure Division, depending on the nature of the particular work involved.

Senator O'BRIEN—So it is a fairly informal linkage?

Ms Briggs—Yes, and it works pretty well from my observations.

Senator O'BRIEN—It is early days, isn't it?

Ms Briggs—It is.

Senator O'BRIEN—What is the staffing of each of the divisions and units?

Mr Yuile—Do you mean numbers?

Senator O'BRIEN—Yes.

Ms Kava—I do not have those figures to hand, but we can get those for you.

Senator O'BRIEN—Thank you for that.

Mr Yuile—I do have a distribution by classification as at 1 January. I have got a table here, but I will just check that it is the latest and we can certainly pass it over.

Senator O'BRIEN—We will work that out. You will either give it to me later today or—

Mr Yuile—Yes, I think we can give it to you today.

Senator O'BRIEN—Will each of the divisions and units have a budget, or will they have separate financial management responsibilities and lines? How will the finances tailor in with this new structure?

Mr Yuile—There was a mapping exercise, obviously, as part of the process—mapping in terms of both staff and finances—of the various roles and responsibilities of the new divisions. That will be set up in the same way as we have had it previously: yes, divisions will be given a budget, and a budget to manage too, in terms of both departmental employee and supplier expenses. We will monitor that in the way that we have in the past with the previous structure. There is no change, in that sense. It was really a movement of resources against the new functions.

Senator O'BRIEN—So the finance and business management units will have contact with each of the other units, in terms of their financial responsibilities?

Mr Yuile—Yes.

Senator O'BRIEN—Will there be a person with overall responsibility for one of the divisions, if I can put it that way: transport, regional development and corporate governance?

Mr Yuile—We will continue to have business managers in each of the divisions who are responsible for the resources—both the people and the finances. There is a liaison point, and I can certainly ask Mr Chandler to give you more detail. The reporting requirements and the management information that we will be producing will be exactly the same as we have done previously, mapped against the new structure.

Ms Briggs—That is right, Senator. In standard operational terms, we have simply moved around our divisional structures, so in the same way that in previous divisions a division head was accountable for the activities within the division—with various managers looking after finances, programs and so on—the same will occur in the new arrangement. However, we have not split the department so that, say, Mr Yuile is looking after transport while I am looking after regional development and corporate. We have not done it like that and the

secretary did not wish to. His view is that the two deputies in the department should have a broad remit so that we can both deputise for him fully. Nonetheless, there are divisions within the department that Mr Yuile and I are notionally overseeing in terms of policy or strategic directions of those divisions. For example, Mr Yuile is overseeing the Aviation and Airports Policy area, the two regional divisions and the Transport Safety Bureau; I am overseeing the Transport and Infrastructure Policy Division, the Transport Regulation Division, the Transport Programs Division and the Territories and Local Government Division; and we are jointly working with the corporate divisions.

Senator O'BRIEN—I probably should know this, but ATSB is in your model whereas CASA and Airservices are not. Is that correct?

Mr Yuile—Yes. ATSB is a bureau within the department but has kept that independent reporting arrangement to the secretary. You have seen the docket.

Senator O'BRIEN—It says here it will operate as 'an operationally independent multimodal body'. What does 'operationally independent' mean?

Mr Yuile—What we are getting at there is that it operates separately from, obviously, CASA and Airservices and the bureau has a separate reporting line to the secretary because of the nature of investigations. We are not trying to, either in the policy divisions or in any of the divisions of the department, interfere with or affect the independent investigative responsibilities of the bureau. So whilst it is within the structure of the department, we do retain the independence of the bureau and it is in fact housed in a building separate from the rest of the department. I think that is what the secretary was getting at in those words 'operationally independent'.

Senator O'BRIEN—We had a little debate during the May estimates about funding of ATSB, which I know caused a little bit of angst about who should be bidding for funding for particular units within the department. Focusing on the words 'operationally independent' implies to me that there is no control within the bureau of the resources with which they are equipped to fulfil their responsibilities. While they are operationally independent, they are totally financially dependent—they have no control over the resourcing issue. That is the implication; it may be wrong.

Mr Yuile—No, they have control over their budget, just as other divisions have control over their budgets. Once we work through the issues around the budget allocations the actual operational implementation of the budget resides with the bureau just as it does with the other divisions.

Senator O'BRIEN—So each of the units has a budget?

Mr Yuile—Yes, each of the divisions is given a budget—that is right, Senator.

Ms Kava—Would this be an opportune time to give you the numbers that you requested in terms of the divisions under the new structure? Aviation and Airports Policy has 50 staff; the ATSB, 103.

Senator O'BRIEN—Are these full-time equivalent, or 'bodies'?

Ms Kava—This is the staff distribution.

Senator O'BRIEN—They are individuals—so they could be full-time or part-time.

Ms Kava—They could be.

Senator O'BRIEN—Thank you.

Ms Kava—I will just confirm for you that they are full-time equivalents. I believe they are.

Senator O'BRIEN—If you can give me the numbers—

Ms Kava—I will continue with the numbers and confirm that for you by the end, hopefully. ATSB, 103; Transport Programs, 73; Transport and Infrastructure Policy, 62; Transport Regulation, 84; Regional Policy, 88; Regional Programs, 181; Territories and Local Government, 60; Information Services and Executive Services, 70; Economic Research and Portfolio Policy, 55; Business Services, 96. In addition there are 116 staff on the administrations of the Indian Ocean territories.

Senator O'BRIEN—Don't the Indian Ocean territories sit under Territories and Local Government?

Mr Yuile—Responsibility for them does—that is right.

Ms Kava—Yes, they do.

Senator O'BRIEN—So there are 116 there in addition to the 60.

Mr Yuile—That is correct.

Senator O'BRIEN—Are they located in the territories?

Ms Kava—They are located on the islands.

Senator O'BRIEN—Can we be advised of the budgets for each of the units?

Mr Chandler—The current operating expenses budgets are net of any revenue that they generate. For the Australian Transport Safety Bureau—I will take this to the nearest decimal point—the figure is \$12 million. Because that was a focus of discussion at the last estimates hearing I point out that, as I mentioned, these figures are net of revenue that they generate and retain. In that case it is \$12.0 million and they get \$0.7 million of revenue, so in fact their total available budget is about \$12.7 million.

The figure for Aviation and Airports Policy is \$9.1 million; Business Services, \$27.1 million; Economic Research and Portfolio Policy, \$4.2 million; Information Services and Executive Services, \$19.3 million; Regional Policy, \$13.9 million; Regional Programs, \$8.1 million; Territories and Local Government, \$65.1 million; Transport and Infrastructure Policy, \$4.6 million; Transport Programs, \$8.5 million; Transport Regulation, \$13.3 million. There was a separate allocation for the very high speed train project of \$14.8 million. Those figures are current as at the end of January.

Senator O'BRIEN—That is obviously staff accommodation—

Mr Chandler—That is correct. Employee expenses—

Senator O'BRIEN—Does that include programs?

Mr Chandler—It is employee expenses and staff but it is the funding that goes to departmental outputs. The administered programs are all separate to that.

Senator O'BRIEN—Okay.

Mr Chandler—I should perhaps clarify—and this may be gratuitous, Senator—that some of those divisions I have mentioned, such as Business Services, Information Services and Executive Services, do not appear in this document because their costs are attributed to other outputs as overheads. Therefore, you will not find those divisions mentioned in this document as such. They are supporting the program divisions.

Senator O'BRIEN—What about the secretary and assistant secretary costs? In which unit are they listed?

Mr Chandler—Those costs are included under the Information Services and Executive Services budget.

Senator O'BRIEN—Yes. Any costs that arise from—

Mr Yuile—I am sorry, Senator. I just wanted to clarify your question in case we have given you the wrong answer. Your question was what happens with the secretary's costs?

Senator O'BRIEN—Yes, the secretary's costs and the assistant secretary's—sorry.

Mr Yuile—The costs of assistant secretaries are within their divisions.

Senator O'BRIEN—The deputy secretary, I should have said—sorry.

Mr Yuile—Yes, that is correct. Mr Chandler said that they are incorporated within the information in the executive services group.

Senator O'BRIEN—Costs associated with the minister's responsible. There are usually some departmental costs that are associated with the servicing of the minister's needs.

Mr Yuile—Yes, within the information—

Senator O'BRIEN—Where do they fall?

Mr Chandler—Those costs are provided within information in the executive services, again.

Senator O'BRIEN—In ministerial parliamentary portfolio services?

Mr Yuile—That's right. The parliamentary liaison role, and those sorts of functions are within that group.

Senator O'BRIEN—If there were administration of a program which involved consultancies, advertising et cetera, those moneys would be in addition to these moneys but would be off-budget moneys from a particular source—consolidated revenue or whatever. They would come to the department and would be in addition to these amounts you have ascribed to the cost of running these particular units.

Mr Chandler—I am sorry; I was slightly distracted there, Senator. The question, as I understand it, was where are revenues from outside sources, apart from appropriation reflected?

Senator O'BRIEN—As well as appropriation. What I am trying to say is that, if you are administering, let us say, the Sustainable Regions Program, there is advertising, there is funding to communities—there is a whole range of things happening. All of that money would be in regional programs but it would be in addition to the \$8.1 million you advised was the budget for running the unit. Is that right? When you are administering a program like that, would you be taking some of the money out of the program towards the cost of running it through the unit?

Mr Chandler—The costs of grants et cetera are typically provided under the administered program. So they are separate, but certain costs of administration are met from departmental allocations. If you have a query regarding a particular program area or a particular program activity, I would need to get you precise detail on that on notice.

Senator O'BRIEN—That answer tells me that in the case of every program the question needs to be asked: how much of that is administration which will go towards the cost of running the unit?

Mr Yuile—Underpinning the running of the program.

Senator O'BRIEN—Yes.

Mr Chandler—I am sorry, Senator. At a high level, the funds provided to the program divisions are those associated with administration of programs. There are, however, some smaller programs which are oversighted by regulation divisions or policy divisions. We would need to break those figures out for you, but the bulk of it sits with the allocations of the program divisions.

Senator O'BRIEN—We will, no doubt, revisit this at the appropriate time. I understand that there are currently wage negotiations taking place with staff in the department.

Mr Yuile—That is correct, Senator. They are certified agreement negotiations.

Senator O'BRIEN—Can you confirm that there is a pay offer increase of seven per cent on the table?

Mr Yuile—There has been a discussion. There was an offer made at the end of last year that was 10 per cent over 2½ years, and that is still under negotiation.

Senator O'BRIEN—How does that 10 per cent factor in—what is the proposal? Is it 10 per cent up front?

Mr Yuile—No, sorry, Senator. Currently it is three per cent on certification of the agreement, four per cent at 1 July this year and another three per cent at 1 July 2003.

Senator O'BRIEN—Obviously it is not agreed yet.

Mr Yuile—No, it is not agreed yet.

Senator O'BRIEN—Has the offer been rejected at this stage?

Mr Yuile—The employee union side of the negotiation have certainly argued that it is insufficient. There has been a petition signed by some 500 members of staff, saying they would like to do better than that. We are working those issues through at the moment.

Senator O'BRIEN—What are the implications of pay movements? Let us take the pay movements that you have offered in the context of the numbers in the budgets that you just gave me.

Mr Yuile—They are very significant. We have got to work within our budget and we have got to find productivity increases to offset any wage increase—that is the government policy. That is one of the issues we are working through with our staff colleagues. I know you use the word 'offer' and it is that point-counterpoint paradigm that we are working in but, from my point of view, it is about what we do together as a department to give the best pay and conditions we can to our staff, to deliver the outcomes that the government is seeking within the sort of budget context that we are given. We are working, as I say, with the negotiating team around where we think the productivity gains might be, where the savings might be that can pay for the increase.

Senator O'BRIEN—On a rough calculation, that offer is about a seven per cent increase in your payroll costs that you just described to me. Over the period it is about a net seven per

cent increase in your payroll cost. Part of the increase is up front and then part is for three-quarters of the life of the agreement and then part is for a quarter of the agreement.

Mr Yuile—It is three per cent, four per cent and three per cent. That is 10 per cent, Senator.

Senator O'BRIEN—Yes, but the cost over the life of the agreement is what I am talking about. I will not have the argument with you as to how you do the maths, but the spread of the cost over the life of the agreement would be less than 10 per cent. There would be some cumulative effect of the way you factor the increases in, but let us assume for the sake of the argument that it is seven per cent over the life of the agreement. How do you deal with your budgetary needs and your productivity needs with the staffing numbers you gave me?

Mr Yuile—How will we deal with it?

Senator O'BRIEN—Yes, are you saying that for the life of this period of agreement you still have your—subject to reorganisation—\$12 million budget for ATSB, your \$9.1 million for aviation and airport policy et cetera.

Mr Yuile—Yes. We have—

Senator O'BRIEN—Yet the wages component of those costs will increase by, say, seven per cent over the two years. How do you manage that?

Mr Yuile—Sorry, I should say that those budget numbers that you have been given take us through to June of this year. Then there will be a new budget allocation, obviously, coming out of the May budget for the following year. That is the challenge we have, Senator, in terms of how we do it and whether we can. We have looked at areas such as the property operating expenses, the leases that we pay for accommodation. We are looking at issues around travel. We are looking at reductions in turnover. Turnover, in turn, increases your training and development budget and reduces the corporate memory and the productivity that goes with that. We are looking at, together through the agreement, our classification structure in the department: have we got our profile right? There may well be savings that come from that. We are looking at all of those as ways, together with improvements in our information technology, that we can improve our productivity and find the savings to underpin the pay increase. They are the options we have got; they are the options we are working through with staff colleagues now.

Senator O'BRIEN—In relation to this financial year's allocation, can you advise the committee of whether or not this department was required by DOFA to return underspends or make other payments back to DOFA last year, either as part of the budget process or in the lead-up to the election?

Mr Chandler—In relation to departmental funds, no—

Senator O'BRIEN—As distinct from program funds?

Mr Chandler—As distinct from program funds or administered funds. For departmental funds, no. The arrangement now is that funds passed the department during the year that remain unspent remain in our bank account and are then available for expenditure in the following year. Under the government budgeting arrangements, they are typically then otherwise retained, unless there is explicit approval, to meet emerging liabilities; in other words, for asset replacement or for long term leave liabilities. So funds become available but not to turn back into, for example, employee expenses for a salary increase.

Senator O'BRIEN—And program funds?

Mr Chandler—Program funds—given we have about 50 administered programs, each one is a little different. We would have had underexpenditures against many programs last year but been able to rephase funds, carry them forward into the following year. Some of them would have lapsed. I do not have the details of particular programs with me.

Senator O'BRIEN—I am asking a specific question. In the lead-up to the last election, was the department required to effectively return to the pool, as it were, funds which might have been seen to have been underspends in particular programs for this financial year?

Mr Chandler—In some of the administered programs, rephasing of funds, which we sought, was not approved by government. So those funds—

Senator O'BRIEN—Rephasing of funds was not approved. Can you explain in plain English what rephasing of funds means?

Mr Chandler—The underexpenditure which we sought to have carried forward was not approved for some programs. It was for some, not for others.

Senator O'BRIEN—What are the details—that is, what programs, how much, when were you advised the moneys would be, as you put it, rephased?

Mr Chandler—I would need to take that on notice, Senator. There are a number of programs involved.

Senator O'BRIEN—Can you tell me where the output pricing review process is up to? What functions and agencies have been reviewed?

Mr Chandler—We are finalising with the department of finance the outcome of the output pricing review, and that will be a matter for consideration by government in the budget process. That relates specifically to—

Senator O'BRIEN—You are finalising the review?

Mr Chandler—We have, in effect, completed the review process. We have a draft report, which is being finalised in consultation with the Department of Finance and Administration, and that will be subject to consideration by the government in the budget process.

Senator O'BRIEN—Are there any proposals to outsource other parts of the agency's work?

Mr Yuile—We are in the process of market testing in accordance with government policy and requirement, and we are working through that process with respect to legal services, office services, property, human resources and finance. We have completed the legal services process and the decision was to retain those services in the department. The other market testing processes are still under way.

Senator O'BRIEN—What is the timetable for their completion?

Ms Kava—I would expect the result of the timetable for office services and the property and accommodation tenders to be known by March-April. For human resources and finance, we are hoping to have the results by the end of June, but it may take a little longer.

Senator O'BRIEN—Is there any contemplation of outsourcing any of the ATSB functions?

Mr Yuile—No, there has been no discussion of that.

Senator O'BRIEN—How is the adequacy of ATSB's funding assessed? It has a fairly important task: it was originally drawn together from the Bureau of Air Safety and it has an

expanded function. I am wondering how you keep in touch with the needs in that area as well as the demands for funds across the agency.

Mr Yuile—I think there are processes we have adopted. Certainly while I have been in the department the various divisions—and the bureau is part of this—look at their needs and desires in terms of what the coming year might hold. We, as the executive of the department, work through those budget requests and the bureau is part of that. We are conscious of the specific safety demands and needs, and that is obviously carefully taken into account, but we have got to cut our cloth, obviously, with the budget we are given. If there were some major accident or problem through the year, I guess we would have to revisit that in terms of the priorities.

Proceedings suspended from 10.15 a.m. to 10.32 a.m.

CHAIR—Ms Briggs, you have given us a document which shows the new department structure. Is it your wish that we treat that document as a tabled document?

Ms Briggs—Yes, it is.

Senator O'BRIEN—Mr Yuile, you were talking about what might happen if there were an event which required additional resources for ATSB later in the year, in terms of future supplementation of their budget. Is that what you meant?

Mr Yuile—I was trying to respond to your point, Senator. There is always an issue about how long a piece of string is. All divisions are looking for more funds. I was trying to say that for ATSB—and, indeed, for other divisions—if something untoward or major happens then you obviously have to reassess, go back to the government or whatever. That is all I was trying to say.

Senator O'BRIEN—I take it there is no ministerial direction about resourcing of ATSB then?

Mr Yuile—Not that I am aware of.

Senator O'BRIEN—It just seems that the model that you proffer could be seen as a reaction to need rather than an establishment of a more proactive, visionary organisation looking at safety needs for the future and putting the work in to avoid those big events to the extent that that is possible.

Mr Yuile—If you are suggesting that we do not forward plan, think about events and prepare for possible major accidents, that is what the bureau do. They do plan ahead. The investigations that they undertake are obviously designed where we can to get at systemic issues that can be addressed to avoid those accidents in the future. So, to the extent that we can within the resources that we have got, we do try and anticipate and plan ahead.

Senator O'BRIEN—So the priorities are established by a management group of the department effectively in consultation with the unit heads at ATSB?

Mr Yuile—That is correct. Also obviously it would be discussed with the minister if there was a particular concern about some priority. We are given a budget to manage within and we have to work as best we can to that.

Senator O'BRIEN—To what extent is the minister involved in prioritisation?

Mr Yuile—To the extent that the government appropriates funds to undertake certain activities and has a policy direction. That is what I mean by obviously responding to the government's priorities and directions.

Senator O'BRIEN—I will no doubt revisit the issue when ATSB are before the committee. Can you tell me what the departmental instructions were prior to the collapse of Ansett and following that collapse regarding airline travel by departmental officers on official business?

Ms Kava—In terms of departmental officers conducting official business, officers were asked to, if you like, restrain their travel to essential travel because of the difficulties. The department had a contract with Ansett as our travel provider so there were some up-front difficulties in terms of those bookings. The instruction was for people to undertake essential travel. Where travel could be put off until a later date that was done.

Senator O'BRIEN—So prior to the collapse of Ansett the instruction was what—to use Ansett?

Ms Kava—We had a contract with them as our travel provider so, while not all travel was with Ansett, certainly we undertook most of our travel with them.

Senator O'BRIEN—So prior to the collapse of Ansett what percentage of your air travel was with Ansett?

Ms Kava—I have not got a precise figure but it is a very high figure. I would imagine it was probably 90 per cent—very substantial.

Senator O'BRIEN—For the financial year 2001-02 can you give me a breakdown of the percentage of airline travel by departmental officers which occurred with each of the airlines: Ansett, Impulse, Qantas and Virgin Blue?

Ms Kava—I would have to take that on notice, Senator.

Senator O'BRIEN—Can you give me a breakdown of travel by class?

Ms Kava—Yes, I believe so.

Senator O'BRIEN—What has been the cost of airline travel in the current financial year to date?

Ms Kava—Again I do not have that figure to hand, but we can provide that for you.

Senator O'BRIEN—Can you get me a comparison with the financial year 2000-01?

Ms Kava—Yes, certainly.

Ms Briggs—Senator, can I clarify that you are only talking about travel within Australia; you are not including overseas travel?

Senator O'BRIEN—That is a good point. Perhaps you can deal with that separately. Would that be a very small part?

Mr Yuile—It is not a big proportion, Senator. The bulk of our travel is domestic.

Senator O'BRIEN—Do you keep any information on major destinations departmental officers travel to?

Ms Kava—Certainly some information is available. We have found that a very high percentage of travel is to the capital cities along the eastern seaboard. Given our broader responsibilities there is certainly some travel to the more remote areas.

Senator O'BRIEN—So Sydney, Melbourne, Brisbane would be the major destinations and it would taper away fairly quickly after that?

Ms Kava—Yes, I believe so. There is some travel to the Indian Ocean territories as well, but as a percentage of the total departmental travel I do not think it would be very high.

Senator O'BRIEN—The cost, relative to the number of trips, of going to the Indian Ocean territories would be very high?

Ms Kava—It is fairly substantial, yes. You have got the trip to Perth and then the further trip from Perth to the islands.

Senator Ian Macdonald—It is approximately \$1,600 return from Perth to the IOTs, I think.

Senator O'BRIEN—It would be cheaper to go around the world, in other words.

Senator Ian Macdonald—Indeed it is. That is one of the problems. Cocos Islands could be a great destination for tourism, but it really is cheaper to fly to London than to Cocos Islands. It is a shame—but for all the right reasons, I might add.

Senator O'BRIEN—Sorry, it is cheaper for all the right reasons? I don't follow that.

Senator Ian Macdonald—No, the cost. I should not have raised this, but I mean the efforts that have gone into (a) trying to get an air service there and (b) trying to keep it as reasonably priced as possible have been enormous. It is almost one of those insoluble problems.

Senator O'BRIEN—What are the requirements of departmental officers in terms of booking and arranging airline travel to minimise cost?

Ms Kava—At the moment we have a short-term contract with American Express. Under the conditions of that contract, we receive some discount for travel. Bookings are made by individual officers and the confirmation of those bookings is actually made through the internal travel unit. Through this contract we do get some level of discount for our travel, and that is how bookings are made within the department.

Senator O'BRIEN—When Ansett collapsed did the department go to tender for a new travel booking provider?

Ms Kava—Not immediately. There has not been a tender process. We have only gone out for a short-term contract while the Ansett situation is being resolved. We have not actually gone out to tender for, if you like, a separate permanent or long-term contract. We have only gone out for an interim arrangement until the fate of our contract with Ansett is known.

Senator O'BRIEN—What possible outcome can there be with regard to your contract with Ansett?

Ms Kava—I guess the answer to that is that we are not sure. We had a contract with Ansett and that contract has not been cancelled—I do not know whether that is the correct legal term—by us at this stage, but we have had to make alternative arrangements in the interim, and that is what we have done. When the market is settled, our intention is to look at making a new arrangement.

Senator O'BRIEN—So at the present time there is a short-term contract with American Express to make your bookings.

Ms Kava—That is correct.

Senator O'BRIEN—And how was American Express selected?

Ms Kava—We sought quotations from a number of agencies—I cannot remember the exact number, but I believe it was about four—for the provision of short-term services. My recollection is that some agencies were not interested. It was a very busy and hectic time quite soon after the collapse of Ansett. We certainly did get some responses, but at that stage there was not interest across the board from all of the companies that we spoke to.

Senator O'BRIEN—You describe it as a short-term contract. Is it a month by month contract? Is it a fixed period contract?

Ms Kava—It was an initial two-month contract, I believe, which has now expired. We are continuing on a month by month basis.

Senator O'BRIEN—So there is no binding arrangement in place?

Ms Kava—No, there isn't.

Senator O'BRIEN—Does this contract include services such as arranging accommodation, car bookings, airline lounge access et cetera?

Ms Kava—Yes, I believe so, but I would like to check each of those items if I could. I will take that on notice.

Senator O'BRIEN—Was American Express selected on price or other factors?

Ms Kava—I would have to take on notice the detail of that particular decision, Senator. But certainly value for money is always a major consideration in making decisions on any contract.

Senator O'BRIEN—Has the department done an assessment of airline travel costs for a comparable period pre-Ansett collapse to see what additional expense the circumstances cost the department, if any?

Ms Kava—I am not aware of such a study, Senator.

Senator O'BRIEN—It seems, from anecdotal evidence, that there must have been some additional cost. Is your contract for aviation services more favourable via American Express than it was via Ansett?

Ms Kava—No; I believe the discount that we achieve through American Express is not as generous as under our Ansett contract. Travel patterns, as I explained, were deliberately changed in terms of people not travelling as much as they had previously or would have expected to during that period so a comparison would be difficult, but at this stage we have not done one directly. It is certainly something we would be looking at in the context of preparing for a new long-term contract.

Senator O'BRIEN—I am not sure who the officer is who has come to the table, but is there any additional information you can provide on that?

Ms Key—I was formerly the assistant secretary to the portfolio services branch, which had responsibility for travel arrangements at the time Ms Kava was describing. I do not have any further advice to add to what Ms Kava has already presented.

Senator O'BRIEN—Okay. Perhaps you will take on notice the provision of some sort of comparison, if that work can be simply done. I would have thought an aggregation of expenditure and number of trips would give you a general balance against differential costs in different periods.

Ms Kava—What were the two periods that you wanted compared, Senator?

Senator O'BRIEN—We are looking at comparing the period post-Ansett collapse until now and a comparable period in the previous year or previous couple of years to get a bit of a model. I am sure you can calculate the number of fares you have paid as well as the aggregate of what you paid for a particular period. That is not a huge task, is it?

Ms Kava—We can certainly look into that.

Senator O'BRIEN—Has the department provided advice to other departments and agencies about the impact of the Ansett collapse on airline travel arrangements for officers of other departments?

Ms Kava—Not through my area. It may be that the aviation division has provided such advice, but that has not happened through the corporate area.

Senator O'BRIEN—Mr Yuile, can we get a list of all the programs administered by the department or within the department that will terminate at the end of this financial year please?

Mr Yuile—Lapsing programs. Do we have a list with us?

Mr Chandler—No. We would need to take that on notice. The status of some of those programs will be subject to consideration in the budget context so we may not at this stage be able to provide absolute advice in terms of which ones will lapse at the end of this year.

Senator O'BRIEN—At this time, you would know which programs are intended to lapse. Obviously, I am not expecting you to pre-empt or predict the budget process. I am sure you can tell us about those that are known to be lapsing now, without breaching any budget confidence. I would also like to know what the cost of each program has been to date, with an expected end of year figure if possible.

Mr Chandler—The cost of the program for this fiscal year?

Senator O'BRIEN—No, for the life of the program. That is all that I have on this area.

CHAIR—Thank you very much.

[10.55 a.m.]

CHAIR—We will now proceed with program 2, Regional development group. We are considering 2.1, Regional policy division.

Senator O'BRIEN—Perhaps we can get an explanation of exactly what the regional policy division is responsible for, so I know what to ask you.

Mr Bogiatzis—As was mentioned earlier by Peter Yuile, the intent was to bring the key policy areas in relation to regional issues together into one division. Generally the responsibilities are broad social economic policy issues, liaison with other agencies in relation to those, the regional women's unit responsibilities, research responsibilities and the communications responsibilities for the portfolio in general. In addition, there is the business analysis which was announced in the regional statement, which will also be part of the responsibilities of this division.

Senator O'BRIEN—You have got staffing of 88 for regional policy and 181 for regional programs. I presume the 88 are located in Canberra.

Mr Bogiatzis—That is correct.

Senator O'BRIEN—Are the 181 all Canberra based?

Mr Bogiatzis—No. They belong to the regional programs division, and a number of those are not in Canberra.

Senator O'BRIEN—Will you answer questions on behalf of regional policy?

Mr Bogiatzis—Regional policy only.

Senator O'BRIEN—Is the regional business development analysis in the policy unit?

Mr Bogiatzis—Yes.

Senator O'BRIEN—There has been an amount of \$1.5 million allocated over two years for the regional business development analysis; this appears on page 29 of the portfolio additional estimates statement. In the Stronger Regions document it is stated that the government will appoint a small committee representing regional interests and the private sector in this regard. Has that committee been appointed yet?

Mr Bogiatzis—No, it has not as yet.

Senator O'BRIEN—When will that appointment process be completed?

Mr Bogiatzis—We would be hoping it would be completed in the near future—quite soon, if possible.

Senator O'BRIEN—Within the month?

Mr Bogiatzis—Hopefully.

Senator BUCKLAND—Could you tell us how many people you envisage to be on the particular committee?

Mr Bogiatzis—The decision has not been made on that as yet, but we would not envisage it to be a large committee.

Senator BUCKLAND—What would you consider small or large? Do you have some indicative number?

Mr Bogiatzis—Perhaps four or five members.

Senator BUCKLAND—Will the action plan still be completed by late 2000?

Mr Bogiatzis—We would be hoping that it would be substantially completed by the end of this year.

Senator BUCKLAND—What is the actual reporting date? Is there one there?

Mr Bogiatzis—We do not have a specific reporting date. The intent was that it would take about one year.

Senator BUCKLAND—The process of collecting information for the action plan: how will that be done?

Mr Bogiatzis—The detail of the process would be very much dependent on the views of the committee, but we would envisage that we would seek submissions, that we would undertake consultations and that we would commission research.

Senator BUCKLAND—From whom would you be seeking those submissions?

Mr Bogiatzis—Again, that would be subject to the views of the committee, but our expectation would be that it would be quite a wide ranging process and would involve talking to regional communities, regional businesses, investors and the financial investment community as well.

Senator BUCKLAND—Regional development boards and the like?

Mr Bogiatzis—Our expectation at this stage is that it should be a fairly wide ranging brief.

Senator BUCKLAND—And that will be advertised and submissions will be called for in communities?

Mr Bogiatzis—Again, we would expect that to be the case.

Senator BUCKLAND—Could you tell us what the budget is or what has been set aside for the regional business development analysis?

Mr Bogiatzis—As outlined on page 27, \$1.1 million has been allocated for this financial year and \$0.4 million for next financial year.

Senator BUCKLAND—Could you run through that again.

Mr Bogiatzis—Under the fourth line, which reads, ‘Stronger Regions Programme—regional business development analysis’, \$1.1 million has been allocated for this financial year and \$0.4 million for the next financial year.

Senator BUCKLAND—And there is nothing after that?

Mr Bogiatzis—That is correct.

Senator BUCKLAND—You are going to have a committee of probably four or five; that is indicative, you said, and it will be wide ranging. Who are they actually going to report to after they have taken all this evidence?

Mr Bogiatzis—It will be a general report that will be available to Minister Anderson, but it is also meant to be a resource available to communities and to the investment community, so it would be a widely available report. It would be the committee’s report to the minister, but publicly available.

Senator BUCKLAND—What will be the relationship between this committee and other programs such as Sustainable Regions—and there are some others that probably spring to mind that are looking at, I would think, very similar things?

Mr Bogiatzis—There isn’t another committee that is looking at what this particular committee will be looking at. This will be a high-level committee, really looking at impediments and opportunities for investment in regional Australia. Other committees, for example in relation to the Sustainable Regions Program, are very much about looking at the specific issues and addressing the issues of their communities or their regions. So, while we would hope that all committees would be able to gain from the findings of the regional business development committee, it is quite a distinct process and a distinct set of skills.

Senator BUCKLAND—Some of the states also have committees looking at investment and development in regional areas. Will these bodies be consulted?

Mr Bogiatzis—We would expect so, Senator.

Senator BUCKLAND—So you expect they will be consulted because they will see the advertisement in the paper saying that there will be submissions taken, or will you deliberately go out and seek those people out?

Mr Bogiatzis—Again it is the decision of the committee, but our expectation would be that we would be working very closely with the states.

Senator BUCKLAND—Has there been any decision at this stage as to who will chair that committee?

Mr Bogiatzis—No, there has not been.

Senator BUCKLAND—Will the information you gain through your committee's inquiries be shared with any of the other bodies that we have been talking about, such as Sustainable Regions or any of the state bodies? Will there be a sharing of the information you have?

Mr Bogiatzis—Certainly, Senator. The whole purpose of this is to do an in-depth analysis and make that information widely available.

Senator BUCKLAND—Coming from a regional area myself and having on numerous occasions seen these wonderful bodies set up, all to look at things similar to those you are yourself looking at, I am just wondering what the real outcomes are going to be. Is there going to be coordination across the nation, or specific outcomes for defined regions? Really, what is it all about?

Mr Bogiatzis—There really has not been an in-depth analysis that brings together the range of issues that relate to investment in regional Australia, that actually looks at the impediments and the opportunities. It is for that purpose that we are undertaking this in a very public and cooperative way, so that available information can be brought together from any work that has been done previously, and it can be digested, understood and made widely available.

Senator BUCKLAND—Looking at what you are doing and considering what is already being done at both a federal and a state level, is there any danger or any likelihood that there will be an overlap of personnel—staff or even committee members? For instance, could a committee member be involved in another committee or another group looking at something similar?

Mr Bogiatzis—We do not think there is another exercise that is similar to this exercise, so there is no risk of overlap in terms of the purpose of the exercise. We would certainly hope there was overlap, in terms of membership, between members of this committee and other relevant committees, such as industry committees or significant regional committees, in order to draw on and tap their expertise.

Senator BUCKLAND—Could you explain to the committee how the analysis will be conducted in a consultative manner.

Mr Bogiatzis—As I mentioned earlier, that would be a decision of the advisory committee, but we would expect that they would undertake that in as inclusive a way as possible, both through seeking written submissions, meeting with individuals, communities and interests and through undertaking research.

Senator BUCKLAND—The bulk of the \$1.5 million over the two years is to be spent in the first period, 2001-02. Is there a reason why the bulk will be in this first year?

Mr Bogiatzis—Originally the work was to have commenced in about October last year; therefore nine months of the work would have been in this financial year and three months of the work next financial year, and that is the basis on which these original figures were allocated.

Senator BUCKLAND—Will the committee have its own secretariat and staff?

Mr Bogiatzis—Yes, it will have a secretariat drawn from within the policy division.

Senator BUCKLAND—Will the funding for that secretariat be costed against the \$1.5 million?

Mr Bogiatzis—That is correct, Senator.

Senator BUCKLAND—Do you know the size of the secretariat for a committee such as this?

Mr Bogiatzis—No. It will probably fluctuate during the life of the committee. As their research program and consultation program develop, they will need to bring on more staff. It would vary through the life of the committee.

Senator BUCKLAND—One would assume that a committee of this nature would have quite an extensive travel role—I would expect it to, and rightly so. There seems to be very limited funds. If they are going to have a secretariat, there is going to be payment of some nature to those committee members plus their travel expenses to do this exercise.

Mr Bogiatzis—I would agree with you that there would be an expectation that they would undertake a significant amount of travel and that was taken into account in the setting of this budget.

Senator O'BRIEN—How much is the travel component?

Mr Bogiatzis—I do not have a breakdown of the original allocation and we will not know that again until we know how many committee members there are and what they decide as being their travel commitments. It will depend on the committee itself.

Senator O'BRIEN—That is not factored into that number?

Mr Bogiatzis—We would have made a general estimate of how much they might be travelling and how many members there might be but they are all broad expectations at this stage.

Senator O'BRIEN—You can take on notice the general estimate allocated in that figure, so that if there is a change we will know how relevant that is.

Mr Bogiatzis—Sure.

Senator O'BRIEN—On national competition policy, has there been any meeting between state, territory and federal governments regarding this issue in terms of regional policy development?

Ms Briggs—I think we will need to take that on notice, Senator.

Senator O'BRIEN—For the sake of completeness, would you let me know, if there have not been any meetings, whether there are any meetings planned.

Mr Bogiatzis—I cannot deal with those questions. We are trying to see whether the relevant person may be available to assist you.

Senator O'BRIEN—Okay. How long will it take you to get that information?

Ms Briggs—We are just checking to see if somebody is in the other room. If not, we could have the person come back after lunch, if that is suitable.

Senator O'BRIEN—That is fine. I was not sure whether you were expecting to proceed to another topic while we did that or whether it was going to be a 10 or 15 second pause.

Ms Briggs—Here he is, Senator. This is Mr Tony Slatyer.

Senator O'BRIEN—The question I asked was: have there been any meetings between the federal government and state and territory governments regarding national competition policy development? If not, are any planned or expected to take place?

Mr Slatyer—In connection with regional issues?

Senator O'BRIEN—In relation to regional development.

Mr Slatyer—Not to my knowledge, Senator, in the last few months. However, the National Competition Council would routinely be engaged in consultation in its areas of responsibility, which, of course, are very wide ranging. Questions about the functions and work program of the National Competition Council should be addressed to Treasury or the council.

Senator O'BRIEN—Sorry, questions about what?

Mr Slatyer—Questions about the National Competition Council, which I understand is a Treasury portfolio body, ought really be addressed to that portfolio. But I am not aware of, and we have not been involved in, any consultation that that council or that department has undertaken.

Senator O'BRIEN—What input does this department, particularly in terms of regional development policy, have into the national competition policy framework?

Mr Slatyer—As the acting secretary was saying, one of our objectives in the restructure was to strengthen our capacity to involve ourselves in these kinds of issues. One of my division's responsibilities from 1 January has been to enable the department to become more involved in the whole of government policy developments that could potentially impact on this portfolio, and the national competition policy is one of those.

Senator O'BRIEN—So what is your unit's work program for the rest of this financial year, and do you have a program plotted for the coming financial year?

Mr Slatyer—We are intending to follow and be involved as much as we can in issues, as I say, of a whole of government nature that affect this portfolio. They would include national competition policy, taxation policy, environment policy—

Senator O'BRIEN—Do you have a program or is there just a general idea of where you are going?

Mr Slatyer—We are developing a program for the next financial year, as part of the business planning which all divisions undertake at this time. Between now and then we are, if you like, establishing the appropriate areas for us to be involved in. But they will be the kinds of issues I have just mentioned to you.

Senator O'BRIEN—How many of the 88 people in the regional policy unit are working on the future work program?

Mr Bogiatzis—The division is currently defining its future work program and priorities. In terms of the number of people that specifically involves, there is no specific number.

Senator O'BRIEN—I guess I was trying to see how big a task it was and what sorts of resources were being allocated to deciding what you were doing and what sorts of resources were working on policy, as it were.

Mr Bogiatzis—I can answer that. While our current allocation for staffing is 88, we have about 65 staff at the moment, of whom about 20 work on the communications function. That leaves about 44 staff. Of the 44 staff, a number are working on research issues and a number

are working on the regional women's agenda. That would take out probably another 15 to 20. So there are probably about 30 staff that are working on liaising with other government agencies, developing strategic advice and developing the overall strategic agenda for our policy and research.

Senator O'BRIEN—And the staff numbers you give are bodies, whether they are full or part time, I take it?

Mr Bogiatzis—That is correct.

Mr Yuile—In the context of that question and of the department more broadly, we are about to go into our annual planning cycle, so all divisions will be doing just as you have been asking about in relation to regional, working through the sorts of work programs, objectives and priorities we want to pursue and so on.

Senator O'BRIEN—So this is an annual thing, not a thing to do with the new structures in the agency, or both?

Mr Yuile—It is both. It was an opportune time to make the change at the beginning of the year, recognising that there will be some settling down. You have alluded to an interesting idea and we will see how it works. We are working through bedding down the structures, bedding down people's settling in to a new set of arrangements and in the ordinary course of events we have brought forward our annual business planning cycle for that very reason—to coincide. So as people are thinking about and bedding these arrangements down, we actually do the planning around objectives and priorities and the range of other things that we do at this time of the year as we prepare for the finalisation of the budget.

Senator O'BRIEN—So what is the status of the numbers? I was given the number 88 for this policy unit, but I was just told 65.

Mr Bogiatzis—Part of that is due to inoperative staff. People who may be on maternity leave or leave without pay get included in those numbers, as well as there being vacant positions that have not yet been filled.

Mr Yuile—I think that goes to your other point, Senator. I would like to get the definitions crystal clear and get back to you. Different people have different definitions of what a full-time equivalent is, as we know. I do not want to mislead you or committee members about that.

Senator O'BRIEN—I was asking whether it was full-time equivalent or just names on the payroll?

Mr Yuile—Bums on seats or something.

Senator O'BRIEN—Given that there are not 88 names on the payroll at the moment, for what that is worth, I just wish to know whether the figure I was given was for maximum establishment, desirable agreed numbers and whether the actual is 65 as of whatever the cut-off date was for the figure you were given before you came here, Mr Bogiatzis. On the face of it, you have got a 20 per cent saving on your payroll at the moment going on in that policy unit.

Mr Yuile—On the face of it.

Senator O'BRIEN—I am sure you will tell me that it is not so.

Mr Yuile—I would not want to anticipate that response, Senator.

Senator O'BRIEN—When this work program is completed—in other words, the staff within the unit have come up with a plan; and you might tell me when that will be—what happens to it then?

Mr Bogiatzis—Every year each department and then divisions and sections within that department develop their plans of work for the forthcoming 12 months, which are expressed in the corporate plan for the department and in the divisional business plans, branch and section plans. The process from this year will be no different from all other years in that, stemming from the departmental corporate plan which articulates priorities, the divisions will then develop their division plans and then, below that, branch and section plans. They are endorsed by the executive of the department and the work areas then proceed to implement them. Invariably there will be changes throughout the year and often those plans are reviewed.

Senator O'BRIEN—Presumably Mr Yuile will report to the minister about what the plan is for that division of the department in terms of its work and how it tailors in with the government's program?

Mr Yuile—There is certainly a discussion with the minister about the planning of the department and, as you know, the minister himself signs off on the portfolio budget statements, which are the formal statements of that. I do not recall that we actually had a division by division tick-off, if you like, but we certainly have had discussions about broad directions and parameters. But, as Mr Bogiatzis has said, this business planning process is working through divisional branch section plans and indeed people's individual plans—what we call plans on a page—so that the whole desire is to enable each staff member to see how their work connects right through the hierarchy of planning and prioritising—to use that terrible word—and how their work contributes to that in an integrated fashion. That is what we endeavour to do and I know that the secretary takes extremely seriously that planning process and certainly would be reporting to the minister on the directions.

Senator O'BRIEN—Have terms of reference effectively been established for the regional programs reform task force?

Mr Bogiatzis—They have not yet been finalised.

Senator O'BRIEN—When could we expect them to be finalised?

Mr Bogiatzis—It is an internal review, but we would expect to have them finalised in the next few weeks.

Senator O'BRIEN—What resources have been allocated to this task force?

Mr Bogiatzis—No additional funds have been allocated for it. As I indicated, it is an internal review, so it is in fact using existing departmental resources.

Senator O'BRIEN—How many people will comprise the task force?

Mr Bogiatzis—Again, it is anticipated that the task force will work by drawing on the expertise of people throughout the department—particularly in the two regional divisions—in which case, while there may be a varying number of people working on different parts of the task force in addition to their existing duties, there would probably be about four people drawn off to coordinate it full time. That could vary as the tasks dictate.

Senator O'BRIEN—And how long is the task force expected to function, however it is comprised?

Mr Bogiatzis—Until about July.

Senator O'BRIEN—We will get an update in May. Thanks very much. Now I want to ask questions of the programs division.

ACTING CHAIR (Senator McGauran)—Senator Buckland has a question on this section.

Senator BUCKLAND—In relation to the area consultative committees and their role in the scheme of things—

Mr Bogiatzis—If I could clarify that, it is also part of the Regional Programs Division. We are the Regional Policy Division, so it may be appropriate to—

Senator BUCKLAND—So it will come on the next line. That is fine with me.

[11.28 a.m.]

ACTING CHAIR—We will move on to the next section, 2.2—Regional Programs Division.

Senator BUCKLAND—Just looking at the framework for a new structure for DOTRS that was provided to us this morning, I note that within the regional development reform task force, which has a sunset date of July 2002, you are looking to handle a joint venture activity with the Regional Programs Division and examine how to optimise the various regional programs, including how to make maximum use of area consultative committees and regional offices. I am aware of at least one instance where there is a lot of duplication, particularly in administering funds, as a result of the introduction of the area consultative committees. This is in relation to their relationship with various regional development boards that are partly state funded, partly locally funded, with a degree of federal funding. Has your division looked at the difficulties that are created by this duplication or by the additional actions that have to be taken by regional areas to access funds?

Mr Yuile—Could I perhaps open on that and then invite colleagues to comment. This question of possible duplication and so on across programs is precisely the reason why we have put in place this internal review: to look at how we do dovetail the various programs that now sit within the portfolio but which previously were outside the portfolio, and our administrative arrangements. Previously we did not have the area consultative committee network, which is an extensive one. It was with another portfolio, which had a particular orientation. That is an important part of regional development. It is why, I think, the government put the ACC network, along with the Dairy Regional Adjustment Program and the Regional Assistance Program, into the portfolio. Certainly Ms Beetham and Ms Patterson can answer more detailed questions, but I think you are getting to the very heart of why we wanted to do this review. It was to just look at processes, administrative arrangements and calls upon the various community members, to make sure that we use that network wisely and integrate it into the other program arrangements.

Ms Beetham—Could I please clarify that? As I understood it, you were asking a question about how the ACCs interrelate with regional development boards. Do you mean state bodies?

Senator BUCKLAND—Yes.

Ms Beetham—The ACCs are drawn from people including from state, local councils and so on. So perhaps by accident rather than design—although at least design is also part of that—there is a close relationship between local council members and the ACCs, and also state government and the ACCs. They do work very closely together. I think the fact that there

are different organisations involved does not necessarily mean duplication, but we are concerned to minimise the degree to which there is duplication. That is why we have cross-memberships from one level of government to the other.

A further issue, though, is that the states naturally have their own programs and appoint people to run those. To the degree that we can actually increase our activities—and we are aiming to do so—to embrace whole of government, we are looking to minimise any risk of duplication. We are starting, in terms of a whole of government approach, at the Commonwealth level but working less directly through ACCs and other arrangements we have in place to work closely with the states as well.

We are also moving within the Commonwealth to try to standardise things like grant applications and contracts, but again we are starting within the Commonwealth with a view to moving down and working with other levels of government. We have to start slowly, but within our own portfolio we are looking very closely at the current arrangements, to minimise duplication.

Senator BUCKLAND—I guess what is really of concern to me is perhaps the cost of administering the ACCs, the various committees. In South Australia, I think, there are four. Am I right in thinking that?

Ms Beetham—I am not sure of the precise number in South Australia. There is \$13 million available to them, and it is allocated between them. Given that there are 56 area consultative councils and the fact that they work with their local communities to effect financial partnerships to fund some of their initiatives, arguably the cost is worth it, in the sense of the amount of assistance they generate from communities to pursue projects.

Senator BUCKLAND—I am certainly aware of some concern by regional development boards and development councils, where they feel that they have to go cap in hand to a bureaucracy to get funds that were previously available to them just by making an application for a grant. I am just wondering what real role they play if there are professional bodies already established to seek money through grants. There is a structure, isn't there, with the ACCs that each region has a board. That all costs each region. It seems to be duplicating what development boards in particular centres are doing anyway. That is what is worrying me, the added cost of administering one pot of money.

Ms Beetham—I will ask Ms Patterson to comment, but I think it comes back to the fact that the Commonwealth is keen to be involved in funding regional development and it is doing so through its own mechanisms—targeting those areas that it considers are significant. The states, too, have their priorities and their own mechanism. In a perfect world, perhaps we could do away with some of the structures. But we do not live in a perfect world. As I mentioned earlier, we are endeavouring to minimise costs and work closely with the other bodies that are involved in regional development. But I doubt we can do away with the structures entirely.

Ms Patterson—I might add that in many states ACCs work quite collaboratively with boards, where they exist. Not every state, as I understand it, has a development board, perhaps, in the way that you mean. I know that Western Australia does, but I am not quite sure about exactly how all the other states are structured. But ACCs often—because they are working with a community that is not defined in the same way as some other political might be defined, or social boundaries or those other kinds of boundaries—work within a natural community. And within that they work with all levels of government within those

communities to bring together a project that might actually bring funding from local government and state government, to the strength of a project for that particular community. So I think there are a couple of different ways of looking at it, and that is certainly one way that ACCs do operate.

Senator Ian Macdonald—The ACCs, generally speaking, perform a very, very useful service. They provide a great service for the regions. Some are better than others, as you would expect with all these things, but across the board they perform a great service. They really are the Commonwealth government's only on-the-ground network. Other development boards, as the officer has just said, are pretty ad hoc. Some states have them, some states do not, some states are just setting them up. These ACCs have been there for a long time. In fact, they predate our government, even. By and large, they do a very good job in helping with Commonwealth programs. It used to be the case—I am not sure if it is still so—that as well as having their own funding under the Regional Assistance Program they received referrals on our Regional Solutions Program. So they performed a role in that as well. The review that has been spoken about is looking at how to get the best use out of the ACCs and the other programs that have a similar focus, around the regions. I am told that we expect that by July. By and large, they do a good job and the government is very appreciative of the work that they do.

Senator BUCKLAND—I understand that, and I understand there are differences from state to state. The concern I have, though, is about the administration of the money. There can only be so much money to begin with. It appears to me that the regional development boards that are set up at a state base or a regional base are the people who have their feet on the ground and are active in pursuing industry development—and there are some you could quote here that are very successful.

Resentment appears to be building up. Ms Patterson made reference to political boundaries. But, as we would see it here, it is not so much about political boundaries; it is about the politics between the regional development boards, or community development boards, and the ACCs. One has to appear to do the same job—apply to another board that is set up, and is costing money, in order to administer the pot of gold. It would seem wiser to me if those bodies took that responsibility on themselves and eliminated the ACC process. The federal government has every entitlement to have someone involved in the regional board, but to have another body set up to administer the same pot of gold seems to me duplicitous and cost-ineffective.

Senator Ian Macdonald—Senator, these are really policy issues. You are obviously talking, naturally enough, from a South Australian background and you obviously have some things in mind. You could put it the other way: perhaps the regional development boards—which are, by and large, state government things—should have used the ACC when they were set up. But you will recall that in the old days, prior to our taking government, we had ACCs from the Commonwealth point of view and then we had RDOs also funded by the Commonwealth, and certainly in those instances what you are saying was absolutely true. You had two Commonwealth agencies doing sort of the same thing and then you had, in some states, state organisations.

All those things can be looked at, but the Commonwealth government has to make policy for the whole of Australia. While some people might think that model could work in South Australia, it perhaps would not work in Queensland, for example, where, if there is a system

of state government regional development boards, it is quite different. I am not even sure if there is such a system in Queensland, which is the state I am most familiar with.

Senator BUCKLAND—Is the cost of administering the ACCs available to us? Do we have that?

Ms Patterson—It is \$13 million per annum. I am just looking for the actual page to refer you to.

Senator BUCKLAND—Ms Patterson, is that \$13 million for the entire ACC network?

Ms Patterson—Yes.

Senator BUCKLAND—Can that be broken down into individual ACCs?

Ms Patterson—Yes. I could provide you with a table with that information.

Senator BUCKLAND—Could you take that on notice then, please.

Senator O'BRIEN—Under which program do we ask questions about the remote air subsidy scheme? I presume it is not regional.

Mr Yuile—No. It is in the new Transport Programs Division.

Senator O'BRIEN—I want to ask some questions about particular programs—the Sustainable Regions Program first. The Stronger Regions Program is a \$115 million package, of which the Sustainable Regions Program might be described as the centrepiece. That has been allocated \$100.5 million on page 30 of the portfolio additional estimates statement. Of the \$115 million for the Stronger Regions Program, that leaves \$14.5 million. What will that be allocated to?

Ms Key—There are a range of other activities that have been funded under the package: the regional business analysis project, which we spoke of earlier; and the community and awareness raising program, which is described on page 27 of the document. You can see that there is \$7.7 million allocated in departmental outputs for an awareness raising and access to information component of the Stronger Regions Program.

Senator O'BRIEN—On page 27 of the portfolio additional estimates statements?

Ms Key—Yes, and \$1.1 million for Regional Business Development Analysis.

Senator O'BRIEN—So we have got the Stronger Regions Program—regional business development, \$1.1 million; Stronger Regions Program—sustainable regions, \$7.9 million; and Stronger Regions Program—awareness raising, \$7.7 million. They are the three that I should be looking at?

Ms Key—That is right, yes.

Senator O'BRIEN—Unless my maths is terribly wrong, that is about \$16.5 million?

Ms Key—You have included the \$7.9 million for sustainable regions, which represents \$5.5 million in administered funds for this financial year, and \$2.4 million for departmental funding; so \$7.9 million for what is essentially these eight sustainable regions programs. Then there are the two other elements: the \$8.8 million for the community awareness raising component, and the Regional Business Development Analysis. So there is \$95.4 million in administrative funds for the eight sustainable regions; \$5 million in departmental funds for the sustainable regions component; and then the other two which add up to make up the whole.

Senator O'BRIEN—Did you say \$98.5 million?

Ms Key—\$95.4 million for administrative funds—

Senator O'BRIEN—Sorry, I had a few things going on around me.

Ms Key—And \$5 million in departmental funds, over the life of the program.

Senator O'BRIEN—So that is \$100.4 million?

Ms Key—That is right. Then we have the \$7.7 million for the awareness raising component, and \$1.1 million for the regional business analysis.

Senator O'BRIEN—\$100.4 million and \$8.8 million is \$109.2 million. So there is a surplus there of \$5.8 million.

Ms Key—Those costs of \$7.7 million and \$1.1 million are just for this financial year. As you see in the out years, there is an additional \$1.7 million for the community awareness program, and that continues for each of the three out years, and then there is an additional \$0.4 million for regional business analysis in the next financial year.

Senator O'BRIEN—So there is \$5.5 million in the out years?

Ms Key—Yes, and that comes to that total of \$115 million.

Senator O'BRIEN—Thank you, I understand that now. There is also reference on page 29—we have been discussing this in part—to the \$12.7 million in additional funds, allocated for publicising and creating awareness. A figure of \$7.9 million is for expenditure this financial year. When will that expenditure commence?

Ms Key—That program is being managed by the Regional Policy Division that appeared before us, so would you like me to—

Senator O'BRIEN—That is not a program then?

Ms Key—It is a component of the Stronger Regions Program. I understand that it will be commencing in the next month or so, but I really do not have the detail. I would prefer to refer that back to the other division.

Senator O'BRIEN—I made the assumption that anything to do with the program would come in this area and it was purely policy development which was in the policy division, but apparently that is not the case.

Ms Briggs—Senator, Mr Bogiatzis may be able to help you.

Mr Bogiatzis—Senator, the assumption is pretty good, but there are two components from the Stronger Regions statement that are not actually programs but sit in the policy area. One is the business development analysis that we were exploring earlier and the other is the communications strategy. As I mentioned earlier, the communications function sits in the policy division. Just in case it crops up further down the track, although the domestic violence program sits with the programs division, we are covering it off because it links also to the women's unit. So that is the third program thing that might confuse.

Senator O'BRIEN—I think we will need a rail map with the linkages, where you throw the switch to get back into different units. The information is that the actual public awareness campaign has not yet commenced. Did I understand that correctly?

Mr Bogiatzis—That is correct, and as that is part of the communications function I can assist you on that. It has not yet commenced, Senator. To be more precise, the campaign is part of an overall strategy to strengthen our current and future communications functions. So

part of the campaign is things that we are already doing, such as Countrylink, and other parts will be new.

Senator O'BRIEN—Perhaps you can tell me how the \$7.9 million will be spent this financial year.

Mr Bogiatzis—As per page 27, it is \$7.7 million for the awareness raising and access to information. Of that \$7.7 million, \$0.8 million will go to what you may have previously known as Countrylink, which is the 1800 number. The whole strategy is being renamed as the Commonwealth Regional Information Service, CRIS. So the name 'Countrylink' will gradually disappear, because of the confusion with the New South Wales railway which bedevilled us for years. The remainder of the \$7.7 million—\$6.862 million—will go to other communications functions.

Senator O'BRIEN—How do you break down the \$6.862 million?

Mr Bogiatzis—A large component of that will actually go to an information campaign into regional Australia. The campaign itself will comprise a series of elements. There will be a general advertising and direct mail production, there will be some research undertaken and then there will be media placements for television, radio and newspapers.

Senator O'BRIEN—What will the target audience of the direct mail be?

Mr Bogiatzis—The direct mail will be to all regional households—in other words, postcodes outside of metropolitan areas.

Senator O'BRIEN—So you will be sending individuals a letter?

Mr Bogiatzis—No. Households will be receiving a booklet providing them with information on accessing Commonwealth programs.

Senator O'BRIEN—Will it be addressed mail or will it be householder-type mail?

Mr Bogiatzis—Household.

Senator O'BRIEN—I am asking because I understand the terminology 'direct mail' to mean personally addressed mail as distinct from householder mail, which is not targeted but broadcast into particular postcode areas, as you described.

Mr Bogiatzis—I understand.

Senator O'BRIEN—What form will the advertising take?

Mr Bogiatzis—There will be television, radio and newspaper advertisements.

Senator O'BRIEN—Can you give us a breakdown of the expected expenditure on each of those components?

Mr Bogiatzis—The media placement costs generally we are estimating at this stage to be around \$2.9 million, but we do not have the specific breakdowns across the three media as yet. That is still being developed.

Senator O'BRIEN—How long is the placement expected to run—this year?

Mr Bogiatzis—Senator, I am new to this area and enjoying new jargon like 'slow drip'. The intent is that it be a slow drip campaign. So while there will be fairly intensive advertising between now and the end of June, it will then continue slowly dripping, over the next financial year as well.

Senator O'BRIEN—I hope that term has not been developed by the policy unit.

Mr Bogiatzis—I am sure we could have done worse, Senator.

Senator O'BRIEN—I am not sure you could. So the \$1.7 million per year in the out years—

Mr Bogiatzis—That is to continue the campaign.

Senator O'BRIEN—That is for further placements?

Mr Bogiatzis—That is correct—and other expenses as necessary.

Senator O'BRIEN—Are you able to break down the \$1.7 million in the out years?

Mr Bogiatzis—No. We have not looked into out years as yet.

Senator O'BRIEN—It is open ended at this stage?

Mr Bogiatzis—That is correct, Senator.

Senator O'BRIEN—Who is doing the media work, if I could put it that way—the ad preparation, text?

Mr Bogiatzis—The advertising consultant is Singleton Ogilvy and Mather.

Senator O'BRIEN—Are they doing all of the concept work and placement?

Mr Bogiatzis—They are doing the general advertising preparation. I might suggest that Jane Harriss answer the questions directly.

Ms Harriss—Singleton Ogilvy and Mather are doing the concept development and the production work. The media placement is done by Mitchells Media, the government advertising placement agency.

Senator O'BRIEN—This is not self-evident. I am assuming that Singleton Ogilvy and Mather's bill and media placement through Mitchells will come out of the \$6.862 million this year.

Ms Harriss—That is correct.

Senator O'BRIEN—Have you any figures on those at this stage?

Ms Harriss—The total advertising budget in terms of development is about \$726,000, and in terms of media placement costs we are looking at around \$2.9 million. But the campaign has not been finalised yet.

Senator O'BRIEN—That is for the media placement. How does Mitchells charge? Is it a percentage?

Ms Harriss—I am not sure. That is probably best asked of the Government Communications Unit, which is in PM and C, in terms of their charging arrangements.

Senator O'BRIEN—Thank you for that. Could you explain to me the relevance of unemployment as a criterion for the activities under the Stronger Regions Program?

Ms Beetham—It was one of the various indicators that were taken into account in the determination of the regions embraced within the program. Others were family incomes and structural change indices, including socioeconomic factors as determined through the ABS socioeconomic index, the Accessibility/Remoteness Index of Australia, and the Productivity Commission's structural change index. So there were a number of factors taken into account. It was one of them.

Senator O'BRIEN—Was there a weighting?

Ms Beetham—Overall, I understand there was some general weighting. This was done before I took up my current position. But there were some weightings attributed to the various indices.

Ms Key—Unemployment forms one of the components of the SIFA index and, as such, the unemployment component is a part of the Socioeconomic Index for Australia. That index was one of the measures considered in the determination of the regions for selection.

Senator O'BRIEN—How do you make the weighting decision? Is there a formula? Or do you throw all these things on a piece of paper and have a look and see what you think?

Ms Key—The index itself comprises a range of measures, as Ms Beetham indicated. The Australian average is set at 1,000 on the index, so areas that fall below that are generally seen as being disadvantaged. So it does construct its own weighting, and represents its information in a numerical way.

Senator O'BRIEN—What are the main differences between the structural adjustment program announced for Wide Bay and the Atherton Tablelands, and the sustainable regions programs which have been announced for Kimberley, Campbelltown, far north-east New South Wales, Gippsland, the north-west and west coast of Tasmania, and Playford-Salisbury?

Ms Key—Fundamentally, they are all operating under the same framework. The objective is to generate as much community focus as we can in those programs so that the regions themselves identify priorities for work. I would have to say that all of those regions have approached this task in the same way. They are all regions undergoing structural change, so from that point of view they are very similar. They are all well advanced now in forming committees and getting on with that job. So generally the framework and the approach have been very consistent.

Senator O'BRIEN—Essentially, the Wide Bay and Atherton Tablelands structural adjustment program is the same as the sustainable regions programs for the other regions.

Ms Key—The Wide Bay one has been seen as a bit of a pilot for stronger regions in a sense. It is now rolled up into a bigger region for the Sustainable Regions Program itself. So it has been allocated an additional \$8 million. The process that was used to determine those priorities for the region worked well and projects for the first round—the \$4 million round—were announced in December. As I said, we got a range of very good proposals there, and we saw that as a model that we could build on in that region for the future. So that has been taken up and there is another, as I said, \$8 million available there.

Senator O'BRIEN—So when was the \$4.1 million announced?

Ms Key—The \$4 million was reallocated from the Regional Solutions Program in the last financial year, and was passed on to the community. The community was able to determine how it would use that \$4 million. It advertised an application round, then met and assessed a whole range of proposals and announced those in December. But in terms of getting a feel for how that process worked, it worked well and we were able to then build on that concept. So, because it was such a successful program, it attracted the additional \$8 million.

Senator O'BRIEN—In terms of the Wide Bay area, where does it sit in the index that we have just been discussing?

Ms Key—I will just have to look that up.

Senator Ian Macdonald—For those of us that follow these things, I think the electorate of Wide Bay has the lowest per capita income group of any in Australia, which is surprising because it is such a delightful area—as are most parts of Queensland, I guess.

Senator O'BRIEN—I do not think it is all that surprising. There are a lot of very lovely places that have not been beneficiaries of major economic development or vast residential development; it probably adds to their character but subtracts from their financial resources.

Ms Key—Unemployment for Wide Bay-Burnett was 14.8 per cent in the March quarter of 2001. That compares with the Queensland average of 8.9 per cent and the Australian average of seven per cent for the same quarter.

Senator O'BRIEN—You were talking about an index of 1,000 as being the average.

Ms Key—That is the SIFA index, yes.

Senator O'BRIEN—Where does this area sit in that index?

Ms Key—I do not have the SIFA one specifically referred to in my briefings. There is another indicator called 'Your Place', which was developed by the National Institute of Economic and Industry Research. The majority of councils in that region received relatively low ratings. But I could take the SIFA rating on notice and get that back to you.

Senator O'BRIEN—Thanks very much for that. I would appreciate that. Perhaps you could give me the details of the SIFA index for the Sustainable Regions Program areas as well.

Ms Key—Yes.

Mr Yuile—If we can do that, we will get that back to you today.

Senator O'BRIEN—That would be good.

Senator Ian Macdonald—I think you must already have that information, Senator, because your party also nominated roughly the same regions with your policy. So you are obviously working on the same raw data as we were working on.

Senator O'BRIEN—There is no problem with checking, is there, Minister, on this?

Senator Ian Macdonald—No, not at all. But I just make the comment that your group has probably had all that.

Senator O'BRIEN—Are there any plans to extend the Sustainable Regions Program beyond the eight prototype regions—if that is accurately describing them?

Mr Yuile—The government has not considered that, as far as I am aware.

Senator O'BRIEN—Is that under consideration, Minister?

Senator Ian Macdonald—I would think that we will see how it works in these places. If it looks to be working well, then I am sure that it is something that the government would consider for other areas that might be having difficult times.

Senator O'BRIEN—So the Wide Bay was a pilot; these are prototypes. How long will the prototypes—if I can use that term—run before you make decisions?

Senator Ian Macdonald—There is a time for the program, isn't there?

Ms Key—Yes. We have funding allocations for this year and the following three financial years.

Senator O'BRIEN—So it is a four-year program?

Ms Key—That is right.

Senator O'BRIEN—Is the program for review and assessment? Is a mid-term review factored into the program?

Ms Key—We are currently looking at developing an evaluation program, and yes, 18 months to two years out is about the time frame for when we would be looking to do some analysis.

Senator O'BRIEN—The decisions for expenditure of moneys under these programs are community based, as I understand it.

Ms Key—That is correct, yes.

Senator O'BRIEN—What criteria are the communities required to apply to the expenditure of Commonwealth moneys in this regard?

Ms Key—Would you like me to read them to you?

Senator O'BRIEN—I do not know how extensive they are.

Ms Key—There is an agreed set of general assessment criteria for each of the committees to consider when they look at the applications.

Senator O'BRIEN—That is common, is it?

Ms Key—It is a public document. We could table them.

Senator Ian Macdonald—That could perhaps be tabled for the committee.

Senator O'BRIEN—That is fine, thank you. Is there a coordination role for the department to oversee, coordinate, advise, and perhaps make sure that you are not getting conflicting decisions, for example from adjoining regions?

Ms Key—Very much so. Each of the regions has a local advisory committee, and the department participates in that committee. It is also our role to leverage a whole of government approach in the program, so we are doing a lot of work with other Commonwealth agencies, state departments and local government in that role.

Senator O'BRIEN—So the department has someone based in the area or in the state?

Ms Key—The department is able to take advantage of the network that has come over from the employment and workplace relations area to us—both the regional office staff and the area consultative committee people are getting involved in the implementations of the program in each of the regions. Regional staff that we now have across Australia, because they have the expertise in these regional issues, are attending local consultative meetings with the community.

Senator O'BRIEN—Could you give us details of where those staff are based and how many there are in each location?

Ms Key—Of the regional departmental staff?

Mr Yuile—We could probably give them to you now.

Ms Patterson—I could give you that right now.

Senator O'BRIEN—Could I ask that the project assessment criteria be incorporated in *Hansard*?

ACTING CHAIR—There being no objection, it is so ordered.

The document read as follows—

SUSTAINABLE REGIONS

PROJECT ASSESSMENT CRITERIA

General Assessment Criteria

1. Consistency of proposal with identified regional priorities as determined by the futures planning process and other planning processes.
2. The sustainability of the project and the extent to which it will be of benefit to the region.
3. The extent to which Commonwealth funding is needed to realise the project and the absence of relevant programmes from other Commonwealth agencies and other tiers of Government to fund the project.
4. The provision of sufficient funds and other involvement by the proponent to ensure success of the project.
5. The level of support for the proposal from within the Region, and support from other sources including other spheres of government and the private sector.
6. Demonstrated project management experience to undertake the project including the provision of a project budget and ability to meet Government reporting requirements.
7. The project does not compete directly with existing businesses, unless it can be shown that there is an unsatisfied demand for the product/service or the product/service can be provided in a new way.

Mandatory Requirements

8. Retrospective funding will not be permitted for any projects.
9. The project should not be inconsistent with other Federal Government policy objectives and relevant law.
10. Proposals must comply with relevant planning and environment laws.

Who can apply

Applications will be considered from community groups, the private sector and local government. Preference will be given to projects that are assessed as being most likely to strengthen the economic and social sustainability of the region.

Ms Patterson—Senator, can I just advise you on the number of staff in the region? We have 54 staff in total, one in Darwin, six in Townsville, eight in Brisbane, four in Sydney, Newcastle, Orange and Wollongong, eight in Melbourne, three in Bendigo, two in Hobart, five in Adelaide and five in Perth.

Senator O'BRIEN—Thank you for that. Officers based in those areas will be the officers who assist in coordinating between state projects, state governments and local government issues and liaising with head office, as it were, about what is going on in a particular project?

Ms Patterson—Yes, Senator, that is one of their roles.

Senator O'BRIEN—In terms of liaising with state government, how do you see that working?

Ms Patterson—In reference to the sustainable regions program?

Senator O'BRIEN—Yes.

Ms Patterson—In some of the consultations we have already had in the regions, we have both the relevant state departments attend and help us with the consideration of projects. We have the Kimberley Development Corporation, for example, closely involved in the Kimberley committee. The Gippsland Development Corporation is also involved, and other regional managers from other relevant state departments have been attending and offering advice as well.

Senator O'BRIEN—How will the committees be formed or have the committees been formed?

Ms Key—In the main the committees have been formed. There is only one area that is outstanding at the moment. We have adopted a range of approaches in the formation of the committees. In Tasmania, for example, on the weekend it was announced that the Cradle Coast Authority—a group of nine LGAs—would form the basis of the committee with the addition of an area consultative committee member. In other regions, we have a mix of people from local government and the private sector who are drawn on for their local expertise in the main. Wherever we can, we have had an area consultative committee person involved as well and we have the chairs of area consultative committees chairing the stronger region advisory committee to ensure we get the flow of ideas and good consultation going between the two streams at the moment.

Senator O'BRIEN—So you have got a number of specific programs. Does the region of far north-east New South Wales include the whole of the local government areas of the Tweed, Byron, Ballina, Lismore and Kyogle?

Ms Key—Yes, it does.

Senator O'BRIEN—Are there any other local government authorities in those areas?

Ms Key—No, just the five that you mentioned.

Senator O'BRIEN—As for Campbelltown, which local government authorities sit in that region?

Ms Key—The city councils of Campbelltown and Camden.

Senator O'BRIEN—In relation to the Kimberley region, I will go through some and you could tell me if they are not included or if there are others: Halls Creek, Derby, West Kimberley, Wyndham, East Kimberley and Broome.

Ms Key—That is correct.

Senator O'BRIEN—No others?

Ms Key—Not that I am aware of.

Senator O'BRIEN—Are Playford and Salisbury self-evident?

Ms Key—Yes.

Senator O'BRIEN—Are they the two local government authorities?

Ms Key—I will double-check that one as well. Yes, just Playford and Salisbury city councils.

Senator O'BRIEN—You mentioned the nine that form the Cradle Coast Authority for north-west and west coast Tasmania.

Ms Key—That is right.

Senator O'BRIEN—What about Gippsland? Is that formed by the city of Latrobe, Bass Coast, South Gippsland, Wellington and East Gippsland?

Ms Key—It also includes the eastern part of the Baw Baw Shire as well.

Senator O'BRIEN—Could you also get me the CEPA scores for those areas, if I haven't already been asked for that?

Ms Key—Yes, I can do that.

Senator O'BRIEN—With regard to the Wide Bay-Burnett Structural Adjustment Program, there were some specific projects announced on 21 December. One was in relation to Neptune's Reefworld. Who operates that and what exactly will the redevelopment of the existing marine facility be?

Ms Key—I would have to take that one on notice.

Senator Ian Macdonald—I am assuming that when these were announced they would have had a sheet attached with all the details on it, which would be on the other web site. Would that be right?

Ms Key—The details would be on the web site, because they were attached to a media release.

Senator O'BRIEN—So there are details of who operates the particular entities, subject to funding, and what is involved in the development are on the web site? What about details of how many jobs it is expected to produce?

Ms Key—I think the job aspect is not necessarily covered in the summary information that was attached to the press release. But certainly there are details on the project itself, the funding allocation, and a short description of the project and what it was going to do.

Senator Ian Macdonald—We can get that information on that one. If it is easily available, we should pre-empt it and do it for all of them. As I say, I would have thought it might have been on the web site. It would be public knowledge.

Ms Key—Senator, I can actually provide you with some advice. There were 19 people employed in the first year, 23 in the second, 25 in the third, 26 in the fourth and 27 expected in the fifth year.

Senator O'BRIEN—That is Neptunes Reefworld?

Ms Key—That is correct—Neptunes Reefworld aquarium development.

Senator O'BRIEN—Do you have job numbers on TSG Pacific?

Ms Key—Yes, there are 32 direct full-time positions and 42 indirect positions.

Senator O'BRIEN—What sort of business is that? My note says it is a fairly mobile type of business.

Ms Key—It is a software engineering centre. It will establish a software engineering and development centre in the Wide Bay area, employing and training local people in the latest software development techniques to produce software for US and regional Pacific marketplaces.

Senator O'BRIEN—DG and KL Harris are to establish and operate a pineapple-packing house. Do you have job numbers on that?

Ms Key—Twenty-five jobs are expected to be generated and 15 of those will be seasonal jobs.

Senator O'BRIEN—That is 10 year-round and 15 in a particular part of the year?

Ms Key—Yes, that is right.

Senator O'BRIEN—Thank you for that. Rural transaction centres was the next area I wanted to touch on. The amount of \$70 million has been allocated to the program over four years. Of that amount, \$23.943 million was budgeted in the previous financial year—that is 2000-01—but actual expenditure was \$6.303 million. Can you explain the reasons for the \$17.6 million underspent?

Ms Beetham—Yes. I think the basic reason was a fairly slow take-up in the program. Mr Davies can probably add some comments to that. But it took some time for the program to get rolling. One of the difficulties was that it was a new program and it was driven by communities. Very often they were not really in a position to put together the kinds of programs and the financial business plans needed to sustain funding. In subsequent years, additional measures were taken to help communities develop those sorts of programs. We have put in place the field officer network.

Senator O'BRIEN—Do you mean in the current financial year?

Ms Beetham—Yes. That has boosted demand incredibly.

Senator O'BRIEN—In the department's annual report for the year 2000-01, you did not actually detail how many rural transaction centres had been approved and set up and were operating in that financial year. Why not?

Ms Beetham—The most recent figures are that 94 have been approved and funding provided for them.

Senator O'BRIEN—That is not an answer to the question I just asked.

Ms Beetham—And of those, 41 are actually operational. It is expected that another 11 will be opened in the next few months.

Senator O'BRIEN—How many were actually opened in the financial year 2000-01?

Ms Beetham—I am sorry, I do not have that figure. Mr Davies might.

Mr Davies—I do not have that figure with me on hand, but we can find that out fairly quickly.

Senator Ian Macdonald—I think it was about 22. I used to have all these statistics at the top of my head, but I have got a bit rusty. However, I think it was perhaps 25. Anyhow, we can find that out.

Senator O'BRIEN—Thanks for that.

Mr Davies—The answer is 25.

Senator O'BRIEN—The figures you just gave us are now—

Ms Beetham—Forty-one operational. Funding approval has been given for 94. We are expecting another 11 to open in the next few months.

Senator O'BRIEN—So in the financial year 2001-02, we have had 16 additional centres become operational and when are you expecting another 11?

Ms Beetham—My advice is that it will be just in the next few months. Mr Davies, can you clarify that?

Mr Davies—Yes, between now and the end of June.

Senator O'BRIEN—Which will get the year's numbers of openings up to 27 or a total of 52. I am assuming all of them which have opened remain open.

Mr Davies—Yes. The ones that are indicating at this stage that they may open between now and the end of June—that is subject to the community being able to go through the processes that they need to go through to get it to a state to be opened.

Senator O'BRIEN—That is a maximum number. That is the best possible outcome?

Mr Davies—That is our best estimate at the moment, given advice from the communities.

Senator O'BRIEN—How much of the \$70 million is expected to have been spent by the end of this current financial year on the program? We have got last year's spend of \$6.303 million. How much are you expecting to spend this year?

Ms Beetham—We are expecting to spend \$42 million, but that will not all be on RTC. Some of that will be on other programs the government has introduced or through an extension of the RTC program to complement that activity by extending access to electronic facilities in regional areas through other means, including the roll-out of electronic points of sale in licensed post offices.

Senator O'BRIEN—How much of the expenditure that you just referred to, Ms Beetham, will actually be spent on the original aim of the program—the establishment and running of the rural transaction centres?

Ms Beetham—It will be \$11 million this financial year.

Senator O'BRIEN—So it will be \$11 million this financial year, plus the \$6.303 million for the last financial year?

Ms Beetham—Yes, and \$2.5 million in 1999-2000. So it is a total of about \$15 million overall on this program.

Senator O'BRIEN—So that is over the two and a bit at least years of the four-year program?

Ms Beetham—Yes.

Senator Ian Macdonald—There are 87 of the LPO outlets that have been approved as well. I am not sure how many of those have been opened.

Mr Davies—They are all open.

Senator Ian Macdonald—So that is another 87 you can add to that, Senator.

Senator O'BRIEN—No, I am asking about rural transaction centres, and I will come to—

Senator Ian Macdonald—These are rural transaction centres, I suppose you would call them—

Senator O'BRIEN—But you are not calling them that; you are calling them something else, aren't you?

Senator Ian Macdonald—I was. I do not know what anyone else is calling them. They are mini rural transaction centres. They provide a lot of the same services. But it is like all of these things—each one is different because they are community driven, and different

communities want different things. What we have tried to do was to help the community to get those services. Some go through fully blown state of the art RTCs. Some RTCs have lesser facilities. The LPOs have a lot of the services already and this is added to them.

Senator O'BRIEN—How much funding has been set aside for the LPO part of this program?

Ms Beetham—In the current year, \$16 million.

Senator Ian Macdonald—Is it separately identified or is it all part of the one thing?

Ms Beetham—We are funding all of this within the one RTC program.

Senator O'BRIEN—Are you saying that there is no budget for the components of this program?

Ms Beetham—Not specifically, but that is the way it is working out this year.

Senator Ian Macdonald—I think it is first come, first served. There is an amount of money and we do them as we can afford it. I am not putting words into your mouth; tell me if that is not right. But my recollection, which is now getting very dated, was that there is money there and as people want things we provide the money and get things open. But do not agree with me if that is not right.

Ms Beetham—Mr Davies can probably clarify that.

Mr Davies—The best estimate that we have for the licensed post office proportion is up to \$19 million. That may not be expended in this financial year, that may go over into future financial years also.

Senator O'BRIEN—What recurrent costs are associated with this project? You have got set-up costs, obviously, but what proportion of the budget, if any, is set aside for the recurrent costs of the transaction centres—licensed post offices et cetera?

Senator Ian Macdonald—Again, I should be corrected if I am wrong, but I think the figures we use include the establishment costs and then support—or subsidies, one might say—for operating expenses, depending on what the allocation was. In some cases there is no operating subsidy, in some it is for one year, in some it is for two years, in some it is for three years, in some it is for four years. Whatever that figure is is included in the allocation that you talk about. That used to be the case. Again, correct me if I am wrong.

Ms Beetham—Again, I will defer to Mr Davies for the detail of that. It is worth noting too that these are intended to be self-establishing over the longer term so that it is not an ongoing, endless commitment.

Senator O'BRIEN—That is an answer to a separate question, with respect. You have got a program; I am asking have you got a budgeted amount for ongoing support, such as it is, as distinct from set-up costs?

Mr Davies—We do not have a separate budget identified within the RTC program. However, what we do is assess the applications as they are seeking funding for their operational component and we can provide some subsidy towards that operation from now and for the life of the program.

Senator O'BRIEN—Can you give the committee details of those areas where there is an operational subsidy built into funding, what it is and what period it is intended to cover?

Mr Davies—The sorts of things that would be identified for an operational subsidy would be for salaries and wages; ongoing costs, for example, cost of utilities, telephone and the like; potentially rent, if they are renting their building. The most common one would be for the cost of utilities and for salaries and wages.

Senator O'BRIEN—Can you give me a breakdown by LPO and RTC of what those subsidies are?

Senator Ian Macdonald—Each individual one?

Senator O'BRIEN—Yes.

Senator Ian Macdonald—That is a big job, Senator. As I say, every one is different. Some do not have any subsidy, some have it for one year. As the officer mentioned, the whole purpose of this program—and this is why some were knocked back—was that the department had to be assured that they would be self-sustainable at the termination of the period, because it is a fixed year program. Everybody knows that the money runs out in 2003-04 and they all know that they are on their own from that time. So it could be a relatively big job.

Mr Davies—Can I clarify that the operating costs that I was referring to related specifically to the RTC, and that they did not relate to the licensed post offices, which have a different set of operating costs.

Senator O'BRIEN—I understand that there may be different sets. I am asking: where there is a provision in the funding for a particular RTC or LPO for recurrent costs as distinct from establishment costs, could you tell us how much has been provided and what period that is intended to cover? Are they separate items? When you funded them, were there two items in the funding agreement as to what would be provided? Could you extract from the agreement the detail that I am asking for?

Senator Ian Macdonald—Yes.

Mr Davies—Yes. We can take that on notice.

Senator Ian Macdonald—But you will excuse us if we do not have it back by 5 April because I suspect it is going to be a big job.

Senator O'BRIEN—I will give you until the 6th or the 7th, certainly.

Senator Ian Macdonald—Okay.

Senator O'BRIEN—Do I take it from previous answers that there will be in the vicinity of 50 rural transaction centres operating this financial year? Can you tell me how many of them will not have Australia Post or a licensed post office or a financial institution attached to them?

Mr Davies—Will have or will not have?

Senator O'BRIEN—Will not have.

Mr Davies—We would need to take that on notice and come back to you, probably after lunch.

Senator O'BRIEN—That is fine. Thank you. I noticed there was a press report last week that announced that the Pyramid Hill rural transaction centre would open soon, and the member for Murray announced that that RTC would provide, amongst other things, a rural finance counsellor. Who is funding the counsellor?

Mr Davies—For Pyramid Hill?

Senator O'BRIEN—Yes.

Mr Davies—Part of the agreement that they would have with us is that we may well have provided some subsidy towards that, but it may well be a fee for service or part of an agreement that they have with another government agency to provide that funding.

Senator O'BRIEN—You will be able to ascertain whether you are funding it fairly simply. I would not have thought you would.

Mr Davies—I cannot answer that certainly—we would need to find out.

Senator Ian Macdonald—I think DOTRS has got out of that and left those rural counsellors to AFFA. I am not familiar enough with my new portfolio yet, but I think there is an ongoing budget for rural financial counsellors. I do not know in this particular instance, but I suspect that the rural financial counsellor would operate out of that RTC base, because that was the original idea of the whole program.

Senator O'BRIEN—How many people worked in the Rural Transaction Centres Program in the previous financial year, and how many work in it this financial year?

Mr Davies—In the previous financial year it was about 27 people, and in this current financial year it is about 25.

Senator O'BRIEN—In relation to the Regional Solutions Program, \$90 million was allocated to the program over four years. Of that amount \$12.6 million was budgeted for expenditure in 2000-01 but actual expenditure was only \$2.591 million. Can someone explain the reason for the underspend?

Ms Key—An amount of that money was rephased into this financial year. You will see on the accrual page of the AES document, on page 39, it represents a shift of \$4 million into the Wide Bay Burnett region Structural Adjustment Program, and also those rephasings that I mentioned. So the rephasings are being expensed this financial year even though the deeds of agreement were signed last financial year.

Senator O'BRIEN—Looking at page 39, you have got the revised budget figure for Regional Solutions, which has increased by 13 per cent. How do I understand the rephasing, from these figures? Could you explain that a bit further please.

Ms Key—When we sign deeds of agreements with proponents of projects we pay in advance, essentially, for some of the work. We cannot expense those amounts of money until the financial year that the expense actually occurs in. So, in a large part, that difference is accounted for by that accounting rule.

Senator O'BRIEN—Are you saying that an amount of money was paid out but not expended until after the financial year?

Ms Key—It comes off the books, if you like. But because it represents activities that are going to be done in advance of that money being paid, and they have not actually taken place, the money is not actually expensed in the books until the following financial year.

Senator O'BRIEN—How do I understand the \$4 million put into the Wide Bay Burnett program? Where does that show up there?

Ms Key—I think if we go to page 25, which is the cash variations to appropriations, you will see that the \$4 million is identified for the Wide Bay program there.

Senator O'BRIEN—There are a lot of figures on that page.

Ms Key—It is under Administered Expenses—New Measures. Two-thirds of the way down it says, ‘Structural Adjustment Program for the Wide Bay Burnett region in Queensland, \$4 million.’

Senator O’BRIEN—So how do I make the connection that that \$4 million has come out of the Regional Solutions Program, from this document?

Ms Key—The decision was taken in the last financial year to do that, so that is why it is not described in this AES documentation.

Senator O’BRIEN—So the decision was taken after the budget but before the end of the financial year; that is why this measure did not appear in the previous budget. Is that what you are saying?

Ms Key—I think we will need to take that one on notice.

Senator O’BRIEN—If that is not the case, you might like to explain why, if it was a pre-budget decision, it did not appear in the original portfolio budget statement. So an explanation one way or the other is what I am asking for.

Mr Yuile, on the subject of these new measures—I think we have already touched on this earlier, but it is not just this program we are talking about—I would like some sort of time line for each of the decisions which factored in these new financial commitments.

Mr Yuile—Sorry, are you talking about government—

Senator O’BRIEN—The list of new measures on page 25—ministers expenses, for example.

Mr Yuile—Sorry, I am not—

Senator O’BRIEN—I want to know when the decisions were taken, in relation to each of these new measures, which led to the provision having to be made and these measures appearing in the additional estimates statements.

Ms Briggs—Those were all subsequent to the budget. For the actual dates of those, we would need to take that on notice.

Senator O’BRIEN—I would appreciate that.

Mr Yuile—Sorry, Senator. I misunderstood what you were asking.

Senator O’BRIEN—In terms of Regional Solutions, 148 projects were approved in the financial year 2000-01. Can we get a breakdown—and I appreciate that you will probably need to take this on notice—of how many are capital projects, how many are community or regional workers, and how many are planning projects?

Ms Key—We will take that on notice.

Senator O’BRIEN—Thank you. Of the capital projects, for how many has the construction et cetera work commenced? Of the planning projects, how many have commenced and how many have been completed? And, just for completeness, what is the budgeted expenditure for this program for this current financial year?

Ms Key—We have \$4.263 million in uncommitted funds this financial year. So that gives us approvals of \$15.343 million.

Senator O’BRIEN—So \$15.343 million is approved for expenditure out of this year’s budget?

Ms Key—That is correct.

Senator O'BRIEN—The total budget being approximately \$20 million?

Ms Key—It is \$19.6 million, Senator.

Senator O'BRIEN—I am just totalling up your \$4.263 million and \$15.343 million. It adds up to \$19.606 million. How many projects is the \$15.343 million for?

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

Senator O'BRIEN—Could you let me know, in relation to those projects, what funding has been committed for the out years for those projects?

Ms Key—Yes, certainly.

Senator O'BRIEN—I have got some detailed questions which I will place on notice. Has an evaluation strategy for the program been developed?

Ms Key—We are working on a strategy at the moment. We are in the second year—

Senator O'BRIEN—So the strategy is not completed yet?

Ms Key—We are working on strategy for an evaluation of the program itself, rather than individual projects per se, which is an appropriate timeframe. In the middle of the program, we would be looking at—

Senator O'BRIEN—When will that evaluation strategy for the program be finally worked out so that it can be applied?

Ms Key—We have identified that as part of our business planning which we discussed earlier on today. At this stage, we have not put a timeframe on that. But it would be certainly in the second half of this year that we would be seeking to put in place a framework for that evaluation to take place.

Senator O'BRIEN—Wide Bay was the first region to receive assistance under the Regional Solutions Partnerships program. How much funding from this program has been provided to date and what commitment has been made for the future?

Ms Key—From the partnerships component?

Senator O'BRIEN—Yes.

Ms Key—The Wide Bay project was not in fact funded from the partnership component. There is, however, another project in the order of \$2.2 million—a partnership with the Australian Local Government Association to develop a project on promoting business investment and trade in regional Australia.

Senator O'BRIEN—So that is the only other program?

Ms Key—That is the only other one at this stage.

Senator O'BRIEN—Is it with a local government association?

Ms Key—That is correct.

Senator O'BRIEN—When was that entered into?

Ms Key—In the last financial year.

Senator O'BRIEN—What is the budget for that program?

Ms Key—In the order of \$2.2 million.

Senator O'BRIEN—That is that one, but the Regional Solutions Partnerships program is what I meant. Is there a budget?

Ms Key—There is no separately identified budget component of RSP for that exercise.

Senator O'BRIEN—In relation to the Regional Assistance Program, we have got information about the location of staff outside of Canberra. I was going to ask about the number of staffing positions transferred from DEWRSB to this department.

Ms Patterson—It is 77.

Senator O'BRIEN—Do you have a breakdown of the levels of that 77?

Ms Patterson—I can provide that to you.

Senator O'BRIEN—Thanks for that. I think you were answering questions earlier—perhaps when I was not here—about departmental support for the area consultative committees.

Ms Patterson—Yes.

Senator O'BRIEN—I came in on the tail end of that, so I will take my chances that the answer is there. Minister Tuckey recently announced a range of RAP grants, including \$55,000 to establish an animal shelter in Gympie, Queensland. How many new jobs are expected to be created by this project other than in the construction phase?

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

Senator O'BRIEN—Perhaps you could provide full details of the facility that is being funded.

Ms Patterson—Yes.

Senator O'BRIEN—Thank you. Since 21 September 2001, how much RAP money has been granted to projects in regions of Wide Bay-Burnett, Atherton Tablelands, Campbelltown, Gippsland, Kimberley, far north-east New South Wales, Playford and Salisbury, and the north-west and west coast of Tasmania as defined by the structural adjustment packages and sustainable regions initiative?

Ms Patterson—I can, but I will need to take that on notice to provide that information.

Senator O'BRIEN—Thank you. I note that the federal government has contributed \$800,000 towards the cost of transporting the helitankers which performed so well during the New South Wales Christmas bushfires. What was the total cost of transporting the tankers?

Mr Yuile—Could I break in there? That is a question that the Territories and Local Government Division should handle.

Senator O'BRIEN—Thank you for your assistance. Is the Lismore levee program the same?

Mr Yuile—Yes, that is in the natural disaster and relief area.

Senator O'BRIEN—That is where I am in terms of questions. Is it worth calling them in now?

ACTING CHAIR—No. We break at 1 o'clock, and it is five to one now. We will not go on to the next section as there is such a large number to come to the table.

Mr Yuile—Before we break, Mr Bogiatzis has a response to bring back to the committee.

Mr Bogiatzis—We had a question as to the estimated cost of travel for committee members of the regional business development analysis and what we had projected for that. We have estimated that it would be up to \$150,000 in our budgeting.

Senator O'BRIEN—Thank you.

Proceedings suspended from 12.55 p.m. to 1.05 p.m.

CHAIR—Good afternoon, Minister and officials. We are now on 2.3—Territories and Local Government Division.

Senator O'BRIEN—I want to ask, firstly, questions relating to the \$400,000 additional funding for unauthorised arrivals. That is on page 32 of the portfolio additional estimates statement. Can you tell me precisely what that \$400,000 is intended to be expended on?

Ms Briggs—Yes, Senator. The \$400,000 is intended to be spent on power consumption and health services and on meeting the additional administrative and project management workload in relation to Christmas Island and Cocos and Keeling unauthorised boat arrivals.

Senator O'BRIEN—Is there a breakdown of the \$400,000 into those three components?

Mr Wilson—The breakdown is: around \$280,000 for increased administration and project management workload and policy advice; around \$100,000 for additional costs of power consumption and around \$20,000 for increased demand and provision of health services.

Senator O'BRIEN—I understand that the new temporary facility is located adjacent to the airport and the rubbish tip. What role did the department play in determining that this was an appropriate location for the facility?

Dr Turner—Essentially this division was involved in identifying the site in consultation with the department of immigration. So we were actively involved in identifying possible sites.

Senator O'BRIEN—It is a joint role?

Dr Turner—Yes. It was not our decision where the site would go. We were involved with Immigration in looking for potential sites.

Senator CROSSIN—Dr Turner, what consultations were held with the Shire of Christmas Island?

Dr Turner—The minister visited the island in late September when the whole issue was canvassed with the shire and other residents of the island. Beyond that, one of the criteria we were looking for was Commonwealth land.

Senator O'BRIEN—How many options were there?

Dr Turner—I would have to take that on notice. I think there were two or three.

Senator Ian Macdonald—As I recall, I do not think there were any real options there. We had better take that on notice.

Dr Turner—Yes, I think it is best if we take that one on notice to be absolutely sure.

Senator CROSSIN—What particular meetings were held with the shire council or the president of the shire council at that time?

Dr Turner—Do you mean with regard to identifying possible sites?

Senator CROSSIN—Yes.

Dr Turner—I was not involved. I do not think any of my officers were involved in any discussions with the shire.

Senator CROSSIN—Do you know if the department of immigration would have been involved?

Dr Turner—In terms of identifying a site?

Senator CROSSIN—Yes.

Dr Turner—Not that I am aware of.

Senator Ian Macdonald—I think the on-island administration would have been in regular contact with the shire council over that issue. Would that be right?

Dr Turner—They were in constant contact relating to that and other things, and I would have thought that site identification would have been part of it.

Senator CROSSIN—Can you provide us with evidence that the administration on the island consulted with the shire council about a possible site?

Dr Turner—We would have to take that on notice. I am not familiar with the records.

Senator CROSSIN—Does anybody at the table have any knowledge of any formal correspondence between the administrator on the island and the shire council, or any meetings where that was a particular point of discussion?

Ms Briggs—I do not believe that there was formal correspondence on the matter, Senator.

Senator CROSSIN—Dr Turner, you also said that you had some consultations with residents. What does that particularly mean?

Dr Turner—I hope what I said was that I understood that when the minister visited in late September he held discussions with the shire council and that involved, as I recall, other members of the community.

Senator Ian Macdonald—Senator, Mr Ruddock and I together went over to the island on a weekend, as I recall, at very short notice, because things were moving very quickly. We arranged as best we could in the limited time available as wide consultation as we could. That involved a meeting with the community. We invited the Islamic association, the Chinese society, the shire council and I think the chamber of commerce to individual meetings. The council or the union of Christmas Island workers—I am not sure which—got several of those groups together, and there was one meeting, as I recall, in the council chambers where those issues were fully discussed. I think we also individually met with the chamber.

Then we had a very well attended community meeting at the Christmas Island Club, where—there will be official estimates—my recollection is that about 200 people attended. So there was quite a deal of consultation. In addition to that, we do have an on-island administration. The administrator and his officers live on the island; they are with the islanders every day. They are talking to people all the time about various issues, whether they are formal or informal. Of course, we take a lot of advice from the on-island administration, which is why we have them. So in the circumstances, there was quite lengthy consultation.

I do not have any notes and I do not have the benefit of a diary or of anyone else that was there at this stage but, to the best of my recollection, the boat appeared on the horizon not of our asking and something had to be done, and it was important to try to get some facilities in place. There was a temporary facility there but, with the imminent onset of the wet season, that temporary facility down on the coast, which was all tents, was unlikely to be more than a

very temporary thing. So that was, as best I recall, what it was all about. There should be some minutes somewhere of that. If anything I have said is wrong, we can correct that by notice in writing.

Senator CROSSIN—Was a record kept of any discussion at any of those meetings that you held on that day?

Senator Ian Macdonald—I am pretty certain there would have been. Mr Mrdak was with us and I am sure he would have kept notes of the meeting. I am sure the council would have kept notes of that meeting.

Senator CROSSIN—Can they be tabled?

Senator Ian Macdonald—We can take that on notice, Senator. I seem to be the only one here with personal knowledge of this and ministers do not usually involve themselves with note taking or what have you.

Senator CROSSIN—Minister, who accompanied you then from the department on the trip?

Senator Ian Macdonald—Mr Mrdak did. Was he the only one? You were not there, Andy, were you?

Dr Turner—No. I think Mike was the only departmental officer who was there.

Senator Ian Macdonald—There were DIMA officials as well, plus one person from my staff. Mr Ruddock, several officers either from his office or from DIMA, and Mr Mrdak were there.

Senator CROSSIN—Dr Turner, you said that the issue really was that you were looking for Commonwealth land. What other Commonwealth land was available on the island on which this centre could have been built?

Dr Turner—I am really stretching my memory now but I think there were one or two other areas of land that either had been or were currently part of the mining lease which might have been looked at.

Senator CROSSIN—And where are they situated?

Dr Turner—Not far to the west of the current site.

Senator CROSSIN—When was the decision made to use this particular site?

Dr Turner—I would have to take that on notice.

Ms Briggs—We will take that on notice.

Senator Ian Macdonald—I am not sure that it is not a DIMA decision rather than ours because it was DIMA who were funding the facility. Our involvement, as I recall, was to try and get services—for which the island administration is responsible—to a site. This is why I said earlier on that—and, again, I stand to be corrected—I do not think in the time available there was really much option in finding a piece of land of a suitable size with the possibility of getting suitable services there in double-quick time. We can take that on notice. If anything I have said is wrong, we will certainly correct the record.

I should just mention, as Mr Yuile was going to mention, we are all at a bit of a disadvantage because I think I am the only one here with personal knowledge and my knowledge does not go to the detail. Mr Mrdak, who is the relevant officer and who has this all at his fingertips I am sure, unfortunately in early October last year arranged to have a back

operation today—and we wish him well in that—so we do not have the benefit of his expertise. I am not sure how long he is off for but he would certainly be able to help with advice on notice, if anything I have said is incorrect.

Senator CROSSIN—Was there any formal correspondence between the administrator and the department about the location of this site?

Ms Briggs—We will take that on notice, Senator. There may well have been some exchanges.

Dr Turner—It is possible. Without going back to the record, I cannot be sure.

Senator CROSSIN—Can you tell me whether it is the government's intention to build a more permanent processing centre on Christmas Island?

Senator Ian Macdonald—They would be matters, Senator, for DIMA rather than this department.

Senator CROSSIN—Has there been any discussion between this department and DIMA about a possible centre being built that is more permanent than what is currently there?

Senator Ian Macdonald—I think we had better take that on notice, Senator, and give you an accurate answer on that.

Senator CROSSIN—All right. In relation to Cocos Island, does anyone in this department know whether it is the government's intention to, or have there been discussions about, closing the centre on Cocos Island and relocating those asylum seekers to other centres?

Senator Ian Macdonald—Again, they would be decisions for DIMA rather than us, I would think.

Senator CROSSIN—There has been no consultation or discussion with this department about that?

Ms Briggs—DIMA takes full responsibility for the location and for the movement of detainees, Senator.

Senator CROSSIN—Have any additional funds been provided to Cocos Island to be able to maintain these asylum seekers? There is the \$400,000 that has been given to Christmas Island. Has any additional funding been given to Cocos Island?

Ms Briggs—I think in the additional estimates for various other departments you will see allocations around boat arrivals. Within DIMIA you will find allocations that cover their activities on Cocos (Keeling) Islands and on Christmas Island.

Senator CROSSIN—You are saying you have not set aside any extra money for additional power or health services on Cocos Island?

Ms Briggs—Beyond the aggregate figures that are included in this additional estimate of \$400,000, which covers our activities in the Indian Ocean territories associated with unauthorised boat arrivals.

Senator CROSSIN—So is the breakdown you gave Senator O'Brien of \$100,000 for power and \$20,000 for health further split between the two islands?

Mr Wilson—Yes.

Senator CROSSIN—What is that split?

Mr Wilson—I do not have the split between the two islands at this stage.

Senator CROSSIN—Perhaps you might take that on notice. In that breakdown you advised Senator O'Brien there was an allocation of money for policy advice. What amount was that again?

Ms Briggs—That was \$276,000.

Senator CROSSIN—That is for project management?

Mr Wilson—That is for administration, project management workload and policy advice.

Senator CROSSIN—What would that entail? Give me an example of policy advice that might be covered by that amount of money.

Mr Wilson—The increase in workload associated with the arrivals is related to the additional workload within the department and in the administration in terms of additional hours worked and additional resources being utilised. Policy advice would be policy advice to the minister in relation to the situation on-island.

Senator CROSSIN—Is it the Indian Ocean territories office that is actually managing the project in the construct of this temporary processing centre?

Ms Briggs—Construction of immigration facilities is not our particular responsibility. Our areas of activity are around the services that go towards meeting those things, such as power and so on.

Senator CROSSIN—What do you envisage the additional money for project management would be spent on? You have got an allocation for power and health services.

Dr Turner—The administrator on the island and his staff were being called upon—I am not sure of the current situation—to do a great deal of coordination of the various Commonwealth agencies that were involved in delivering services. The agencies were principally Defence and DIMIA, and there was some involvement from Customs. At least a significant part of the money is to reimburse the island administration for the additional staffing costs that they have incurred.

Senator CROSSIN—Just refresh my memory: are you going to take on notice, or do you not know, the date on which DIMA first suggested to you that this block of land would be used for this centre?

Senator Ian Macdonald—We will take it on notice. I do not know and, as I say, nobody else knows, so we will try and find that.

Senator CROSSIN—Are you able to answer questions that go to the actual issue of accommodation of this centre at Christmas Island, or are those questions better asked of DIMIA?

Senator Ian Macdonald—They are questions better asked of DIMIA.

Dr Turner—Anything to do with the management of the facility is DIMIA's responsibility.

Senator O'BRIEN—What is its maximum capacity? You would surely know that, given that you were consulted about—

Ms Briggs—About 300.

Senator O'BRIEN—Do you know how many are there at the moment?

Ms Briggs—About 30 on Christmas Island.

Senator O'BRIEN—That is what I meant.

Mr Wilson—There are about 90 on Christmas Island at the moment, I understand.

Ms Briggs—Not 30.

Mr Wilson—From my advice this morning.

Ms Briggs—Those are updated figures.

Senator O'BRIEN—What is the tenure of the site used by DIMA for accommodation of the asylum seekers? How long have they got the site for? How temporary is it?

Mr Wilson—That would be a question that you would have to ask Immigration.

Senator O'BRIEN—Are you saying that there is no limit on their tenure?

Ms Briggs—Not at this stage.

Senator CROSSIN—What sort of educational services are being provided to people at the centre?

Ms Briggs—That is very much the responsibility of DIMA.

Senator CROSSIN—It is not something that is coordinated through your office in conjunction with Western Australia as per other educational services on the island?

Dr Turner—We would facilitate liaison with the schools on the island, but the substance of the discussions is a matter between DIMA and the schools.

Senator CROSSIN—Has any such facilitation happened?

Dr Turner—Yes. We have put them in touch with the education authorities on the island.

Senator CROSSIN—Is that simply all you do?

Dr Turner—Yes.

Senator Ian Macdonald—As you adverted to, Senator, we do employ the Western Australian Education Department to run education services on the island. Apart from introducing them, which the Administrator would probably do, as an island resident, it really would be a matter between the two. If greater resources for the schools were needed, I guess the Western Australian Education Department would bill us for any additional.

Dr Turner—As part of the negotiations that would ensue, the department of immigration would work out with the education authorities what the cost of any additional services might be.

Senator CROSSIN—So two ministers went to the island in September last year; it is now February. Are you aware of any requests for additional costs? Do you know if there has been any discussion with the Western Australian government about providing educational services, seeing we are now in February and assuming the school year has started there. Do you know anything at all about the provision of educational services and additional costs to this department?

Senator IAN MACDONALD—I don't.

Ms Briggs—I am not aware of any particular costs being brought to bear on us for education services to date.

Senator CROSSIN—What is the breakdown of the number of people in this centre? Ms Briggs, you thought that, as of yesterday, it was 30. It has suddenly jumped to 90. I am not

aware of 60 people materialising from anywhere in 24 hours. What is the breakdown of men, women and children?

Senator Ian Macdonald—Senator, you are emphasising the point: this is not our department. My information was that there were 30-odd, but we are not in charge of it. Any information we have, we are getting casually from DIMA.

Dr Turner—That is correct.

Senator Ian Macdonald—You will only get casual conversation from us about those things, so you are far better off getting it from the source rather than relying on us.

CHAIR—I think, Minister, the point you have just made about the unreliability of casual conversations has become clear in the last couple of days. It would be preferable if we were able to get material from the source department, Senator Crossin.

Senator CROSSIN—That may be true, but what I am hearing from this department is that, despite the number of men, women or children amongst those 90 or 30 people, whatever the figure may well be, this department will bear the costs of power and health, and now it seems, educational services. Surely, there has been an additional allocation for power and health. There is no additional allocation for education. Maybe there are no children amongst that 90. It seems to be quite clouded.

Senator Ian Macdonald—The indication was that DIMA would be paying any additional costs for education, but I guess it would come through us when the bill is eventually done. Again, that is only a guess.

Mr Wilson—My advice is that, for the majority of services that DIMIA will access on the island, they will build directly, or will build through us, and the costs will pass directly on. Issues like electricity and utilities will increase the costs to our portfolio, in that we provide those services. So, questions relating to services provided for the detainees are best addressed to DIMIA.

Senator CROSSIN—Regarding the centre at Cocos Island, what discussions did this department have on the location and operation of that centre with the people on Cocos Island?

Ms Briggs—We will have to take that on notice.

Senator Ian Macdonald—As fate would have it, they are now in a facility that is still owned, I think, by my new department—the quarantine area. But we will take that on notice. I certainly was not involved in—

Senator CROSSIN—I am interested to know what role the Cocos council, or the chair of the Cocos council, might have had, in consultation with either your department or the administrator, about the fact that the quarantine station would be used. I have been there, so I would be interested to see what it looks like as a temporary processing centre.

CHAIR—I am sure Ms Briggs will take that into account in her response.

Senator Ian Macdonald—We will try to get that for you. The situation in Cocos, of course, was that, whilst there had been some history of arrivals on Christmas Island in the past, in Cocos I do not think there ever had been. The first anyone knew was suddenly there was a boat coming over the horizon from Sri Lanka, and there were people on board who had to be housed. So, as I recall, it was all pretty immediate. The old quarantine station has been disused for years. It was in the throes of having something happen to it—it was being sold by

AFFA to someone, and a residential development or something was going up there. We will take that on notice and get you that information.

Senator CROSSIN—Just going back to Christmas Island, what employment opportunities have arisen for people on Christmas Island as a result of the location of this facility?

Ms Briggs—One of the most obvious effects is that the local food trade is booming. The restaurants have never done such good business. What was happening last year at least—I am not sure how it is working now—was that the DIMIA group was purchasing food each day from a different restaurant in town, and that was certainly boosting the food delivery services at those restaurants. As well as that, the additional people on the island who were working for the outsourced provider of detention services were using restaurants and so on. Similarly, accommodation services did very well out of the boat arrival business.

Senator CROSSIN—Can you put a number on how many direct jobs have resulted on the island?

Ms Briggs—No, I would not imagine I could do that.

Senator CROSSIN—Why is that not possible? Are employment figures not kept on the island?

Dr Turner—Not by us, no.

Senator CROSSIN—Are you not aware of any direct jobs that have been created as a result of this?

Ms Briggs—That is not something we have tracked.

CHAIR—Perhaps those questions could be put to the department of education, and the employment people.

Ms Briggs—I think we will talk to our administrator on the island, and see if he can give us a rough estimate as well.

Mr Yuile—We will take that on notice and ask the question—

Senator CROSSIN—I am not suggesting that perhaps operations have gone out to tender, but are you aware if—other than the increased trade through the restaurants—there is any other business on the island that may have benefited from this facility being there?

Ms Briggs—Construction, of course. The aviation services to the island, the supermarkets and so on, have all done reasonable business out of the boat arrival activities.

Senator Ian Macdonald—Transport and shipping, I guess, would be improved, and the taxi service, the hire cars and the petrol retailers. My anecdotal evidence is that there has been a minor boom on Christmas Island, but that is certainly very third-hand, casual evidence.

Ms Briggs—Added to that, previously some departments did not have representation on the island; now they do. It is quite an evolving business.

Senator Ian Macdonald—The CI Club would be doing a roaring trade, I would imagine, from the additional public servants there.

Senator CROSSIN—Especially when the Navy is in town, I suppose.

Senator O'BRIEN—Does the administrator or do other officials on Christmas Island provide reports or otherwise keep the department informed about issues relating to the asylum seekers who are on the island or who may be heading that way?

Dr Turner—It is certainly the administrator's practice to report regularly to the department on significant activities on the island. Certainly, during my tenure in the position in Canberra, he would let us know if he had heard intelligence regarding boats heading that way. Sometimes he was right and sometimes they did not materialise.

Senator O'BRIEN—The administrator provides those reports to whom?

Dr Turner—To the first assistant secretary or the assistant secretary or, from time to time, maybe to other staff of the branch depending on whom he is dealing with. The written reports are regularly provided to the branch head and the division head.

Senator O'BRIEN—So there are oral reports and written reports?

Dr Turner—He provides written reports on a regular basis. There is correspondence going on between the island and the Canberra office on a daily basis. Most of the information flows back and forth over the telephone but on occasions there are written reports.

Senator O'BRIEN—I think you have been made well aware recently of media reports apparently emanating from Christmas Island in October and November last year, which appeared to cast doubt on the claims that asylum seekers had thrown children into the sea. More particularly, did the administrator or any other officials report to this department, or to the minister for this department, in October or November last year on the concerns circulating on Christmas Island that government claims in relation to the reports that children were thrown into the sea were without foundation?

Ms Briggs—I cannot speak for the administrator, but no officials have reported such information, no.

Senator O'BRIEN—What about the administrator—the source of a regular and written report?

Dr Turner—Not to my recollection, but I do not now have access to the written record.

Ms Briggs—In my discussions with Mr Mrdak, he has advised me that he was never advised, from the island, that there were rumours of this nature.

Senator O'BRIEN—So there were no written reports and there were no oral reports, as such?

Ms Briggs—Not that I am aware of, Senator, no.

Senator O'BRIEN—Are you able to check that?

Ms Briggs—I am happy to check it, but I believe that is the case. We will check it, of course.

Senator O'BRIEN—Thank you. In relation to Christmas Island, is the Commonwealth currently doing anything to assist the 300 former casino workers who are still owed \$2½ million in entitlements following the closure of the casino some four years ago?

Mr Wilson—The minister for territories has written to the Attorney-General seeking advice on the situation with regard to the funds owed to the Christmas Island casino workers. We are still awaiting a response on that.

Senator O'BRIEN—When did he write to the minister?

Mr Wilson—I understand that we have a response. I have not seen the response but my advice is that it seems that there is a way forward which we will be able to explore, based on

the advice from the Attorney-General. The minister wrote late last year prior to the election and we have just received the advice back from the Attorney-General.

Senator Ian Macdonald—I think, Senator O'Brien, you are aware of the history. It has nothing to do with government. It is a matter between the liquidators of the business and the workers who were working there.

Senator O'BRIEN—It was not a Stan Howard business then.

Senator Ian Macdonald—I think this all happened a long time ago.

Senator O'BRIEN—October 1998.

Senator Ian Macdonald—It was dealt with in the way it used to be dealt with when your party was in power, if you want to trade insults, but I was not getting into that; I was trying to be helpful.

The liquidators sold the business and had a sum of money, the first charge upon which was payment of outstanding wages. The liquidator was about to pay the wages when the former owners then took High Court action which succeeded because of that blip in the High Court case—I forget the name of it—where it was determined that federal courts could not take state jurisdiction or something. It involved a very technical element of law but because of that some doubt was thrown on the proper appointment of the liquidator, as I recall. Therefore the liquidator was prevented by injunction or something from paying out the money even though he has got the money there to pay them and they are entitled to be paid.

In those circumstances I agreed with the UCIW secretary, who put the matter to me. I have always said that the workers will get their money; they have a first charge on the money; the money is there. The UCIW put to me that perhaps the Commonwealth could indemnify the liquidator, and I would have thought there was not much risk because no matter what happened the workers are entitled to be paid. That argument that was put to me seemed to make sense so I wrote to someone—whether it was the A-G or the finance minister—to see whether that was possible. Then the election intervened and I lost contact with what the responses were, although I think there might have been a response.

It was the A-G and the industrial relations minister, I am told, and the finance minister—I thought the finance minister would be involved, because they have to guarantee it. Apparently there is a response, but it superdates my administration so I am not aware of what is there.

Senator CROSSIN—Is that response able to be tabled?

Senator Ian Macdonald—No. I am not sure whether the minister has seen it or dealt with it, but we will take that question on notice. Suffice it to say, Senator O'Brien, that I am sympathetic to the argument; I have done what I can. We almost had it paid out but this legal technicality involving matters that are really far beyond the particular incident involved has prevented the liquidator from paying it out. It is a very unfortunate situation. I can understand the plight of the workers; I can understand their concern. I share that concern and I know the government does.

Senator CROSSIN—What is the status of that legal challenge? Where exactly is that court case up to?

Senator Ian Macdonald—Again, I would think if we can tell you anything we can only tell you indirectly because we are not a party to it at all.

Senator CROSSIN—I understand that.

Senator Ian Macdonald—We would only be getting advice from the liquidator as to where he is up to.

Ms Briggs—It is before the High Court.

Senator CROSSIN—Do you know of a hearing date?

Ms Briggs—No, not at this time.

Senator Ian Macdonald—We can try to find out for you. As I say, we are not a party to it; we are not involved. We will ask the liquidator if he can give us some information and if we get that we will pass it on to the committee.

Senator CROSSIN—What is the status of any application for a casino licence?. Is there any application for a casino licence before the minister

Mr Wilson—To the best of my knowledge, Senator, there is no application for a casino licence.

Senator CROSSIN—Why should I not be surprised? Can I also ask you about insurance on Christmas Island? Can you tell me what your understanding is in respect of third-party insurance, house insurance, and comprehensive car insurance on Christmas Island?

Mr Wilson—My understanding is that at the moment there are three types of insurance that are unavailable to residents of the island; that is, home insurance, landlords insurance and comprehensive motor vehicle insurance. My office in Perth is working diligently to try to put in place arrangements to have insurance offered on the island. As you would be aware, there is a difficulty with insurance in islands across certain regions and, unfortunately, Christmas Island and Cocos Island are suffering from the same problem.

Senator CROSSIN—When did the insurance become unavailable?

Mr Wilson—The insurance started to become unavailable following September of last year.

Senator CROSSIN—Is that because of escalating costs of renewal?

Mr Wilson—We were advised that the insurers decided to withdraw from the islands.

Senator CROSSIN—What is the department doing about it specifically?

Mr Wilson—The department has been in contact with a range of insurance organisations and brokers. We have put in place insurance across a range of areas to cover most aspects. Unfortunately, to date, we have not been able to cover those three areas that I mentioned before.

Senator CROSSIN—So when you say you have put in place arrangements to cover most aspects, tell me what you mean by that?

Ms Briggs—That means that we have negotiated to facilitate the availability of insurance or the progressive return of insurance.

Senator CROSSIN—What areas other than those three are you talking about?

Mr Wilson—I am talking about workers compensation, home building indemnity, surety bond insurance for local travel agents, public liability and other insurance for businesses in Commonwealth owned premises or contracting services to the Commonwealth, insurance for the shires, the Indian Ocean group training and community groups and insurance required for the tourism industry.

Senator CROSSIN—Who is underwriting that insurance?

Mr Wilson—Workers compensation is—

Senator CROSSIN—If you could table it, that would be fine. Are you saying that a range of different companies is underwriting them?

Mr Wilson—There are a number of different companies that have picked up the individual components.

Senator CROSSIN—What is the current status with the three insurances that are unavailable?

Mr Wilson—Private home and landlords insurance is being re-examined by Lumleys. Comprehensive motor vehicle insurance is being examined by SRS Underwriting Pty Ltd.

Senator CROSSIN—Have you got an expected time line when this matter might be resolved for the people on the island?

Mr Wilson—No, I could not give you a date as to when it may or may not be resolved. It is the subject of negotiations.

Senator CROSSIN—Who is facilitating these discussions with the insurance companies? Is it the IOT office in Perth?

Mr Wilson—Yes, Senator .

Senator CROSSIN—That is all I have got on that topic.

Senator BUCKLAND—In an earlier answer there was a comment that, as a result of the asylum seekers on the island, employment opportunities were being created in the construction industry. Is it locally built or preformed housing that is sent from the mainland across to the island?

Mr Wilson—Senator, am I correct that in your question you mean broadly, rather than just in the specifics associated with the construction for the detention facilities?

Senator BUCKLAND—How many people are actually involved in putting up the housing facilities and the services that need to go with them? If it were prefabricated—that is, going over in kit form—it would be a lot different in creating employment opportunities from its being built on site.

Ms Briggs—Yes, you are quite right, Senator. The detention centre on Phosphate Hill has a combination, some things being built there but the majority of the accommodation being brought to the island. But to facilitate that you need to link up plumbing and other services around it. There is fence building that has been occurring and so on. As well as that, what has occurred is that within the township itself accommodation has been upgraded, involving various players in the building, painting and whatever industries, so that people who are working at the detention centre and other parts of the island providing services can be accommodated.

Senator BUCKLAND—I apologise if I have a blinkered view on this. I am thinking of the detention centre that has been built but not used at Port Augusta, El Alamein or Baxter, whatever is eventually chosen as the name. There is a lot there, but really there was very little in the way of employment opportunities because of the manner in which it was manufactured off site. You can have plumbers et cetera. I think you said you would take that on notice, but I would just ask if, in providing that, you could give a breakdown of the direct island

population employment opportunities, or people who live there, and how many were sent across to supervise or assist in the form of aid from the mainland.

Senator Ian Macdonald—Senator, the building that came there was principally an old mining camp from Western Australia which was dismantled, put on a ship, taken over and re-established. You would recall that there is an ongoing Commonwealth capital works program on Christmas Island. So it is pretty difficult to get builders, plumbers and electricians of any sort there, because the Commonwealth spends something like \$20 million a year on ongoing capital works—building construction, housing and all that. The activity in building would be, as Ms Briggs said, the services of connecting water, sewerage and electricity, plus, I suspect—without knowing, but one could guess—perhaps the local grocer shop needs to put on an extra room to put in extra stores, and perhaps some of the people there need to add a room for additional accommodation. So there could be lots of things in addition to the work in re-establishing—

Senator BUCKLAND—I am very conscious of that and you are right. I would not argue with that. But to say ‘direct employment opportunities’ as opposed to ‘indirect’ is quite different. If it is add-on to what is already there, you may well have three housemaids in a motel working reasonably hard and an extra 10 rooms filled that night does not necessarily mean that it is an employment opportunity for an extra worker to make beds. It just means they work a bit harder in that same time.

Ms Briggs—I appreciate your comments.

Senator BUCKLAND—I just want to keep that very distinct from the economy. There would be a boost to the economy from people being there, but not necessarily a boost to employment.

Ms Briggs—I appreciate that, Senator, and that was why I was baulking a bit about how we could actually state the direct employment effects. But as a general guide, plumbing, electrical connections, additional things coming through the port definitely provided a boost to employment. But we would need to consult with the people in DIMIA about the actual employment effects associated directly with the construction of that centre. I think we need to take that on notice, because really it is their responsibility.

Senator Ian Macdonald—I guess there are DIMIA officers there who did not live there previously. But I think—providing you do not ask the administrator to substantiate this—that if the administrator does not have substantial figures, he will have a fairly good feel for the employment situation. My guess would be—and Senator Crossin, as a representative of that area, might confirm this—that there is certainly plenty of work for everybody over there at the present time. But we will try and get that from the administrator and see what other information we can get to answer your question.

Senator BUCKLAND—I would not put the onus on Senator Crossin to provide it, because I do not think that it is her responsibility to provide the figures. But I do think that there could be a breakdown provided, and I thank you for taking it on notice.

Senator Ian Macdonald—I am not suggesting that Senator Crossin should provide it. I am just saying that my guess from my knowledge—and Senator Crossin would have the same guess from her knowledge—is that employment is pretty good there at the moment. I will see what the administrator can add to it and see what hard data we have got, and whatever we have got, we will get to you.

Senator BUCKLAND—I would prefer to rely on hard data than guesses, because guesses did not win me the races at the Melbourne Cup on the last occasions.

[2.59 p.m.]

CHAIR—We will now deal with program 3—Transport group. We are considering 3.1—Australian Transport Safety Bureau.

Senator O'BRIEN—Mr Bills, can you tell the committee whether or not the reporting lines for the bureau have changed with the reorganisation of the department?

Mr Bills—No, they have not.

Senator O'BRIEN—So you are reporting through the aviation and airports division?

Mr Bills—No. The reporting lines are still to the secretary, in terms of within the department, which they were beforehand. That has not changed.

Senator O'BRIEN—Does the bureau collect and analyse motor vehicle crash test data?

Mr Beresford Wylie—We do provide some funding for some of the motor vehicle testing. As for the actual test data—if we are talking about test data that is used to, say, report on the ANCAP testing—we are aware of it, but we do not specifically collect it. We provide some funding in concert with a lot of other organisations for motor vehicle crash testing. I think that the Vehicle Safety Standards Branch collect some data associated with Australian design rules.

Senator O'BRIEN—What funding does ATSB provide for the collection and analysis of motor vehicle crash test data?

Mr Beresford Wylie—We do have some funding that we provide for a variety of vehicle occupant protection projects within our research area. I have a figure for funding provided in 2001-02 for vehicle occupant protection research of \$70,000 in total. That was for our input into vehicle safety ratings, which are based on the real-world crashes. We contribute to funding for the collection of data there. That was also funding for the development of protective headbands. This funding complements the research sponsored by the Vehicle Safety Standards Branch, which focuses on instrumented tests of vehicle crashes for use in regulatory standards, which I referred to earlier.

Senator O'BRIEN—What is the role of the states in relation to motor vehicle accident data?

Mr Beresford Wylie—The motor vehicle accident data, per se?

Senator O'BRIEN—Collection, for example.

Mr Beresford Wylie—The states actually collect the data on motor vehicle accidents and they provide data to us, which we then incorporate in our major statistical databases for road safety.

Senator O'BRIEN—Where does responsibility lie for advertising campaigns such as anti-speeding campaigns and the like?

Mr Beresford Wylie—If we are talking about the actual advertisements that you see in the advertising campaigns, especially on television, responsibility lies with the individual states. Often those campaigns are funded by organisations such as the Transport Accident Commission in Victoria or the RTA in New South Wales. The federal government does not have a role in funding those campaigns.

Senator O'BRIEN—Would the department's role in the collection and analysis of motor vehicle crash test data be the extent of the Commonwealth's role in road safety campaigns?

Mr Beresford Wylie—It would not be the full extent. We have made reference to the work done by Vehicle Safety Standards, where they look at instrumented test data for regulatory purposes in terms of Australian design rules. Our own involvement in road safety programs is more extensive. We fund research on road safety within the Australian Transport Safety Bureau. We maintain the statistical databases. We provide monthly data releases and annual data releases which give details of the road toll and the break-up of that road toll by road user and by age. We fund research into things like heavy vehicle driver fatigue. We have funded research into things like speed management, including evaluation of speed risks in rural areas.

We provide the chair, through Mr Bills, of the National Road Safety Strategy panel which brings together jurisdictions and other interested parties in road safety to discuss issues of national interest in terms of road safety. That panel also allows exchange of information between jurisdictions. It allows consultation on things like the development of the National Road Safety Strategy for 2001 to 2010 and also the mechanism for the development of the biennial action plan which supports the National Road Safety Strategy. So we do have a varied involvement and interest in road safety.

Senator O'BRIEN—What proportion of the ATSB budget can be attributed to road safety measures?

Mr Beresford Wylie—If we are talking about road safety, it is my branch which essentially handles that area of business within the ATSB—that is, the safety research and education branch. There are two teams within my branch who handle road safety issues. There is the road safety research area and there is the road safety statistics area—although they also handle other transport statistics and other transport research now. In terms of the actual budget it is, as I said, about 38 people out of the bureau. That also includes a team devoted to communications and information which covers broad issues dealt with by the bureau, such as freedom of information requests and some of our publishing, and that relates also to safety investigations. I could not put an exact figure on it but it would be a relatively small proportion of the bureau—the largest proportion being the safety investigation side.

Senator O'BRIEN—Can you take it on notice and provide us with details of what that part of the ATSB operation is worth in terms of the bureau's budget?

Mr Beresford Wylie—Yes. I can do my best.

Mr Bills—We can certainly provide an estimate. I think it will be difficult to give you the exact—

Senator O'BRIEN—I won't hold you to dollars and cents, but you know what I mean.

Mr Bills—We can give you a rough estimate, certainly. I would like to add one other thing in terms of the breadth of the involvement that we have in road safety. I think it is worth saying that a lot of the state campaigns, including those targeting speeding, are based on some of the research that we have either done or funded. We also have a research coordination role across Australia which is a cooperative undertaking. So while, as Mr Beresford Wylie said, we do not fund those media campaigns, our research does feed into them.

Senator O'BRIEN—One presumes part of your research goes into the work of other areas of the department—the road safety factors relating to national highways, roads of national importance and the like.

Mr Bills—To an extent, yes. We manage the coronial database, which is one of the databases that Mr Beresford Wylie referred to, wherein we get information from the states based on coronials which indicate as best the coroners can what caused a particular accident, and whether they occur in urban areas, national highways, black spots et cetera.

Senator O'BRIEN—What work in this area can the bureau not do, in terms of not having the resources to do it? What other projects are effectively underperformed or not performed due to the availability of resources?

Mr Bills—That is a difficult question for us to handle. We basically look at things a different way around—that is, we receive a budget and we try to prioritise our activities within that budget to make the most contribution in terms of safety.

Senator O'BRIEN—I presume you have a list of things you would like to do and then you tick them off as to what you can afford to do. Is that the same thing?

Mr Bills—It is not that simple either, because we are not the only ones involved in these activities. Mr Beresford Wylie, for example, is the AUSTROADS Road Safety Program Manager—is that the correct title?

Mr Beresford Wylie—Yes.

Mr Bills—He has a national role on behalf of AUSTROADS in coordinating road safety. One of the senior officers who work for Mr Beresford Wylie has a similar role in terms of road safety research. So there are a number of projects that are undertaken not by the ATSB but by AUSTROADS or by other jurisdictions. For example, on the research side there is a large group of research projects that are put up each year and our officers and others from other jurisdictions prioritise them in terms of safety and, depending on the funds available across Australia, a certain number are funded. So it is difficult for us to say what ATSB would do differently when we are really operating in this cooperative national way.

Senator O'BRIEN—Nevertheless, the implication of what you are saying is that there are things that you would like to be able to do that resources do not permit you to do?

Mr Bills—It is true that you can always spend more money on safety, Senator. That is absolutely right. But I am not quite sure where I can go beyond that.

Senator O'BRIEN—I completely understand you. You have got a budget, the department has got a budget, and you are all living within the budget. The questions I am asking are essentially focusing on what is a pretty important national area. You have obviously cut your cloth to fit that budget. It is not a criticism of you or of the department because someone else says, 'Here is the money,' and, in the absence of direction, it has to be spread over all the areas. I just make the point that it seems to me, from what you are saying, that there are numerous other things that ATSB could be doing in the area of road safety.

Mr Bills—That is correct, but it is also correct to say that there are numerous other things that our jurisdictions could be doing and that AUSTROADS could be doing. Together, we try to—as you say—cut our cloth to fit.

Senator O'BRIEN—Thank you for that. On the question of ATSB recommendations, can you remind me of the approach of the bureau in relation to following up recommendations that flow from individual investigations?

Mr Bills—At the end of an investigation or during an investigation, we typically release recommendations. Those recommendations go to a number of bodies. Sometimes it is the operator, sometimes it is the regulator or the service provider and so forth. It depends a bit on

whether the operators or the parties are in Australia as to how easy it is to follow up. Basically, though, we leave our recommendations open until we get a response from the party to whom the recommendation is directed. We then assess the response. Sometimes the response entirely meets the thrust of the recommendation, in which case we would close the recommendation and accept it. Sometimes it goes part way, but there is really no point in arguing the point any more. Sometimes the response says that we are intending to do something and we have not done it yet, in which case we will leave it open and monitor it. Sometimes the response is, 'We don't agree with your recommendation; we are not going to do anything,' in which case we close that, although we are not happy about that unless there is good reason for that response.

Senator O'BRIEN—Should ATSB have the power to mandate a particular response to a particular recommendation?

Mr Bills—This is an issue that has exercised investigators around the world for some time and the consensus opinion is that the answer should be no. The reason for that is that, if we have the power to mandate recommendations, we basically become a regulator ourselves, in which case at the next investigation that may be involving an area that related to a prior recommendation, we would in fact be investigating something that we had mandated ourselves. So that is one of the reasons that we do not mandate recommendations. The other is that, when we assess a recommendation, we of course try to make sure that it is realistic but what we do not do is undertake a formal process of cost-benefit analysis and risk assessment which involves a widespread industry process, and that is something that operators, regulators and others will do in assessing the recommendation. They may well decide that there is a better way to address the issue to which the recommendation related. So for those two key reasons, I do not think that we should be in a position of mandating our recommendations.

Senator O'BRIEN—Is there a database that will allow the committee to see what recommendations have been made to CASA and Airservices since January 2000, when a response was received to each and what the response said?

Mr Bills—The OASIS database in the bureau does have details of recommendations and responses. As part of the upgrading of the software for the database, we are hoping to be in a position where we can just push a button and spit out exactly what you have requested there. But we have not got there yet. We hope to be there by 30 June. At the moment, it would require a substantial manual effort to do what you have asked for. Having said that, we have been working with CASA on outstanding recommendations to try to make sure that none of them have been missed, basically as CASA has been reviewing its own processes. So I think we could probably supply something fairly readily with CASA. Airservices probably will not be too difficult. We could take it on notice. It may be that it will take a little bit of time and it will not be quite as simple as we hope it will be in a few months time.

Senator O'BRIEN—Thank you for that. One specific recommendation I want to go to is that relating to the installation of pressure alarms in aircraft, which followed the ATSB investigation of the tragic flight over Western and Central Australia. Do you know when the recommendation was made to install pressure alarms in those aircraft types?

Mr Bills—I think the recommendation to which you refer related to an earlier investigation with the same aircraft type.

Senator O'BRIEN—In South Australia?

Mr Bills—That is right; that is my memory. I will let Mr Graham find the relevant pages for detail. I am told that the recommendation was made in October 1999. But the tragic accident to which you refer is something that we are still investigating.

Senator O'BRIEN—I understand that you made the recommendation to CASA, but I wanted to get your end of the picture. What happened following the making of the recommendation and where are we up to on it from an ATSB perspective in relation to putting in audible alarms, pressure alarms?

Mr Bills—As I answer that I will just get Mr Stray to double-check the dates. There was an original recommendation that asked that CASA consider the fitment of audible alarms. CASA came back and said that they had considered it and had decided against it. We then made a subsequent recommendation suggesting that they mandate it. At the moment in the CASA regulations, it is strongly recommended. So we were suggesting that they go one step further from 'strongly recommended'. I think the timing of that second recommendation was subsequent to October 1999. Now, to come back to your question, which was?

Senator O'BRIEN—It was to take me through the process. What point have we reached? I think you were just addressing that matter.

Mr Bills—After we had released the second recommendation, CASA responded to us that they were basically in agreement with that recommendation. That response was early last year. Then they initiated the process of consultation with the industry, which I believe was concluded in March of last year. I think they are now at the point of having drafted a notice of proposed rule making, and that is the next step—for that NPRM to be made public. But I am sure CASA can take the story a bit further, because it is in their hands.

Senator O'BRIEN—I am sure they will. I asked some questions earlier about the output pricing review matter. It appears to me, Mr Bills, that ATSB is being asked to do a lot with a relatively small amount of money. I am interested to know how you are organising the ATSB to ensure that ATSB continues to perform its core business effectively. I suppose the first thing I should touch upon is what I think is probably the first casualty when things get tight, that is, support staff. What is the ratio of administrative staff to investigators?

Mr Bills—I would have to take that on notice, I do not have the ratio in my head.

Senator O'BRIEN—You may have to take this question on notice as well. Can you tell me how that ratio may have changed in the last few years—I suppose since ATSB was created, as it was BASI not too long ago?

Mr Bills—Yes, I think it would be fair to say that the number of support staff had reduced within the bureau, but there has been a process within the department whereby support has been centralised in a number of pools. So the fact that the ratio has declined within ATSB would be certainly, in part, a result of that. What I am saying is that the support staff are located elsewhere, to an extent.

Senator O'BRIEN—Are you saying that ATSB has access to a pool of support staff?

Mr Bills—That is correct. In the personnel area and the finance area and general support of that nature, the functions are centralised within the department.

Senator O'BRIEN—Has ATSB ever had its own finance or personnel staff?

Mr Bills—We still have a business manager within the ATSB, so that position does stay within the bureau. But some of the support staff are in Mr Chandler's branch.

Senator O'BRIEN—So there are people who were in ATSB who have transferred into Mr Chandler's branch?

Mr Bills—There have been some people who have moved to the pooled areas in the department and in other cases the money for those positions has been moved because it has been more convenient.

Senator O'BRIEN—You did not quite answer my previous question. Have you had a personnel person or a finance person in ATSB in its history?

Mr Bills—There has been personnel support within ATSB since it has been created, yes, and that has now moved to the central pool.

Senator O'BRIEN—When you say 'personnel support', can you give me a better description than those two words?

Mr Bills—There have been people who would, for example, oversight duty statements and advertising for new positions and the filling of positions; they would do the administrative work that is associated with that. That is now centralised.

Senator O'BRIEN—Has there been a tightening of the resources available to the ATSB?

Mr Bills—In terms of this current financial year, I think we outlined the budget last time we met in the answer to questions that were taken on notice at that time.

Senator O'BRIEN—Has nothing changed?

Mr Bills—There have been minor changes. The chief finance officer outlined the essence of them this morning. In the context of the restructure of the department, the vehicle recall and the blackspots area that were in ATSB have now moved to two different divisions. The full year effect of the budget for those two areas is \$586,000. That has moved with them. In addition, \$101,000 of revenue that was not forecast at the beginning of the year was incorporated in the revised forecast at the middle of the year. As I mentioned to the committee last time, the secretary had indicated that we could retain any additional revenue that we received, so we are retaining that \$101,000. Those are the two changes with respect to this year that have occurred.

Senator O'BRIEN—What effect has the resourcing of ATSB had on its ability to conduct appropriate investigations? Has there been a lessening in the number of investigations undertaken, an increase or no change?

Mr Bills—As I think I mentioned in the answer to the question that you put on notice last time, the changes that have occurred and do occur are at the margin, because we prioritise our investigations. So over time, we basically have a budget for the year that we work towards. It is obviously impossible to exactly predict when accidents and incidents will occur, but we try to make sure that budget lasts through the year. Clearly, the most important investigations will occur regardless. Depending on how we are going with funding for a year, we will do less of the least important investigations, which are our category 4 investigations. So that is basically the mechanism by which we balance our budget on the aviation side. It is a similar process in marine. If we got a major investigation late in a financial year, we would put investigators on to that, of course, and we would slow down the progress with some of the less important investigations that were on the books.

Senator O'BRIEN—Have the numbers in the area of investigator resource changed in the agency over the last few years?

Mr Bills—Not dramatically, Senator. But in the context of responding to your question on proportions of support staff, perhaps I can give you the numbers as well.

Senator O'BRIEN—Yes, if you would, thank you. Does ATSB pay a fee for the services that are provided to it by the business services division, for example?

Mr Bills—No, we do not. There is an overhead that is ascribed to ATSB and to other areas that covers the costs of those support services.

Senator O'BRIEN—So that is removed from your budget before allocation?

Mr Bills—That is correct.

Senator O'BRIEN—What effect has that had? Has it had a neutral effect on your budget in relation to positions that you may have lost in that area and the services you get?

Mr Bills—There has always been a corporate service provided. It is the extent of it that has changed. When the expanded corporate service pools were set up, some staff and some of the budget to fund those staff went with them. So the function was taken elsewhere and the money to pay for it was taken out of our budget.

Senator O'BRIEN—You will give me the numbers of investigators?

Mr Bills—Certainly.

Senator O'BRIEN—That will be in full-time equivalents, will it?

Mr Bills—Yes. We need to be careful on what a full-time equivalent is.

Senator O'BRIEN—It is better than just numbers, because it could change from full time to part time and we would not know. At least full-time equivalent gives us some chance of comparing like with like.

Mr Bills—I understand. It is just that you can have a full-time equivalent defined in terms of average people across a year or in terms of funded full-time equivalent positions and there would normally be a different answer. We will make sure that our full-time equivalent is the same as the one that you were talking about this morning in the question that the department has taken on notice.

Senator O'BRIEN—Is there a substantial difference between the funded full-time positions and the filling of those positions over the year?

Mr Bills—With attrition—with people resigning because of age retirement, going elsewhere or whatever it may be—there is sometimes a gap between that and filling the position, even though we try to retain a list of people who are keen to work for us and who have been through a selection process and who could be next cabs off the rank, if you like. So that does happen. Also there is the use of temporary staff throughout the year as well. Of the 103 staff that were referred to this morning in terms of ATSB post the restructure, 93.5 are full time and 9.5 part time. But I will have to give you the figures on the break-up between support and investigator.

Senator O'BRIEN—Are there any further developments on the Whyalla Airlines investigation?

Mr Bills—As you know, Senator, we released our report on 19 December last year. Included within the report were a number of additional recommendations. We have received some responses to those recommendations but not to all of them yet. So, in that sense, there has been further development. In addition, as was mentioned at the time that we released the

report and as was contained within the report, we are looking at a number of engines from similar aircraft that exhibit similar characteristics to the engines that have failed. We have an ongoing safety study in relation to those engines and, I suspect that, we are going to be working on this for some months to come because it is such a major issue and there are a number of engines and aircraft involved.

It is fair to say that we are analysing the responses that we get to the recommendations. We are getting some new information in. If it is significant new information, we will incorporate that and make it public in the most appropriate way possible. It really is an ongoing issue for us. The other thing is that the coronial process is yet to begin. As we understand it, the South Australian coroner is likely to have his hearings around the middle of the year, but that is, of course, in his hands. There will be a significant amount of activity for us involved in helping with that process as well.

Senator O'BRIEN—Thank you for that. I am ready to move on to the Transport Policy and Infrastructure Division now.

[3.32 p.m.]

ACTING CHAIR (Senator Colbeck)—We now turn to the Transport Policy and Infrastructure Division.

Senator O'BRIEN—Does the department have officers allocated to the monitoring of foreign registered vessels operating in Australian waters for extended periods?

Dr Feeney—That is actually the responsibility of the regulation division but my responsibilities for most of this financial year were in relation to that issue. The answer is yes, the department administers the permit system and that involves issuing permits to foreign ships for the purposes of moving cargo around the coast when no licensed vessel is available.

Senator O'BRIEN—I will deal with that issue in the appropriate area—the Transport Regulation Division. Maritime safety communications is the subject I want to ask about. Is it true to say that Australian transport ministers decided in December 1998 that AMSA should continue the management of the provision of safety radio services for non-SOLAS vessels by maintaining existing levels of service until a suitable long-term replacement was implemented or until 2005?

Dr Feeney—The gist of that is basically correct.

Senator O'BRIEN—It was confirmed in 1999. Can you confirm that the Australian Maritime Group has established a working group to look at this matter, but has acknowledged that a full replacement will not be available by 1 July 2000?

Dr Feeney—The Australian Maritime Group has set up a project to look at a replacement system. The interim system is intended to be in place at 1 July. The group is meeting next Wednesday and Thursday in Melbourne, and we will be getting a report on the progress of that project.

Senator O'BRIEN—What is the current situation in relation to the service?

Dr Feeney—The service that is currently provided under contract to AMSA by Telstra will cease as of 1 July, as has been agreed by the Australian Transport Ministers Council. A system to be put in place from 1 July is the subject of that working group, mainly involving the states. They are working on an interim solution to address particular communications gaps that they feel may arise.

Senator O'BRIEN—What are the gaps that are likely to arise, and what safety implications are there with those gaps?

Dr Feeney—In relation to the large vessels, which is what the Commonwealth is responsible for, AMSA are putting in a replacement system. They have let the contracts for that, and maybe Mr Davidson can talk about that later. For the Commonwealth's responsibilities in relation to the larger vessels—the vessels that are subject to the Safety of Life at Sea Convention—all safety communications will be in place on 1 July.

Senator O'BRIEN—Telstra, I believe, is winding down its seaphone network, with a view to closure.

Dr Feeney—No, Telstra has not made a decision about the future of seaphone. So there is no question that seaphone will be discontinued.

Senator O'BRIEN—Is there a process where the government will reconsider its push to close down the existing maritime radio network, as originally agreed?

Dr Feeney—The decision not to pursue the delivery of communications through the AMSA process was a decision that the states took in the context of the Australian transport ministers' considerations. They had the opportunity to augment the new contract that AMSA has with the new providers to provide services to recreational and small commercial vessels. They chose not to because of cost reasons. They thought that a more cost-effective way of doing it could be found and that is what this group has been identifying. It is not a Commonwealth decision to not use the AMSA-provided service for the smaller vessels. That was a decision of the states.

Senator O'BRIEN—What is the cost to the Commonwealth for provision of the service?

Dr Feeney—Of the new service? Currently it is about \$6 million a year. You would have to ask Mr Davidson about the cost of the new service. The issue will be raised by ministers at the Australian Transport Council meeting in May. The other point to make is that, in the transition from the current system, which Telstra provides, to the new system, the Commonwealth has provided \$3.025 million to assist that transition. Part of that assistance is the funding of the working group. The Commonwealth will be funding any solutions that come out of that, up to the first \$3.025 million.

Senator O'BRIEN—So a lot turns on the transport ministers' meeting in May.

Dr Feeney—Yes, that is correct.

Senator O'BRIEN—I have some questions about the high speed train project team. Could we be updated on where this project is at the moment: what is happening, what is not happening.

Ms Winternitz—The project has completed its first phase. We have a preliminary study report, which will be considered by the government very soon.

Senator O'BRIEN—What issues are covered in the first phase?

Ms Winternitz—The first phase was a broad-ranging study into all the major issues to do with very high speed trains as they may apply in Australia. It covered not simply the costs of a possible high speed train network but also the impact of it over time, the economic and social benefits, the possible corridors, the possible technologies, and the international experience with very high speed trains.

Senator O'BRIEN—There is a fairly significant amount in the budget for this project. How much has actually been spent on the project to date and how much has been spent in this financial year?

Ms Winternitz—The total for the project to date, as of the end of January, was \$1.29 million. Of that, the vast bulk was in this financial year. Only about \$233,000 was in the few months of the previous financial year, 2000-01, where we were just gearing up.

Senator O'BRIEN—How much is in the budget this year for this project?

Ms Winternitz—I don't think you will find it in the additional estimates book, Senator. It was, however, in the portfolio budget statement and for this financial year the figure was \$15 million.

Senator O'BRIEN—Are arrangements in place for a carryover of those funds or have some been reallocated? What has happened, given that you are obviously not going to spend that this financial year, unless you have something up your sleeve?

Ms Briggs—That is the sort of thing that gets dealt with later on in the year. We do not know how our estimates will end up over the course of the year, so that kind of discussion has not taken place at this stage.

Senator O'BRIEN—Of the moneys expended, how much has been expended on consultants? Can we get a breakdown of what has been spent, who the consultants are and what work they have done?

Ms Winternitz—Yes. I can give you almost all of that right here. The majority of the money spent has actually been spent on research consultancy. The major one of those was a consultancy to assist in the preparation of the preliminary study report. The successful contractor there was TMG International, and the total sum for that, with GST, was \$578,606.

There have been a couple of subsidiary studies which have also been contracted, and they are still in train. One study is being undertaken by the CSIRO on likely population growth pressures along the east coast transport corridor until 2050. We have only paid out relatively small amounts of that. The full contract for that is \$110,176, of which we have actually paid about \$6,500 so far. The work is progressing. We have also had a minor contract on community relations and information with Gavin Anderson and Company which is about to be completely paid out—a report has been done for us. Their contract was for an amount in the vicinity of \$45,000—with disbursements which they are still giving us, so I cannot give you an absolutely precise figure on that one. There is also a commitment to undertake some work through the Bureau of Transport and Regional Economics. There is some money costed for that but we have not had to pay anything out just yet.

Senator O'BRIEN—Thank you for that. Dr Feeney, just to be clear, any questions on shipping permits are in the next section—is that right?

Dr Feeney—Yes. My responsibility for shipping is in terms of strategic shipping policy issues. Inevitably that does involve the cabotage regime, but the actual issuing of permits is now being done out of the Transport Regulations Division.

Senator O'BRIEN—That gives rise to a bit of a crossover if there are issues in regulation which devolve back to policy. How do I deal with that?

Dr Feeney—I can try to answer some of those, and when Mr Ellis comes up I will be hanging around to answer any questions at that stage as well.

Senator O'BRIEN—I want to ask some questions relating to a vessel, the *CSL Pacific*, which I understand has been operating exclusively in Australian waters, shipping cement and associated products, since September last year. It is foreign flagged and owned, Ukrainian crewed, and its shipping task was previously undertaken by Australian seafarers. While other nations, such as the USA since September 11, are tightening their vetting of persons in the transport chain, with good reason, the *CSL Pacific* has been happily plying our coastline, with its crew working without visas. I am told that, despite not having been issued with visas, the crew have unlawfully entered the Commonwealth of Australia.

Dr Feeney—I am aware of that vessel. While you might wish to ask Immigration people about the visa status, my understanding of the situation in relation to visas is that, as long as the vessel is not considered imported, normally with any vessel on an international voyage the seafarers aboard have what is called an SPV—a special purpose visa—and that enables them to properly and legally work on international ships around the Australian coast. It is only when the vessel is deemed to be imported that they have a small number of days to change their visa to a normal work visa within Australia, which would normally not be possible. But while they are on that international voyage they do have a correct visa.

Senator O'BRIEN—While the ships are on a voyage they do have a special purpose visa. Is that correct?

Dr Feeney—If they are not considered imported. This applies to all international vessels.

Senator O'BRIEN—And when the ships are in port?

Dr Feeney—As long as they are on an international voyage that special status applies.

Senator O'BRIEN—So there are no other, changed arrangements which apply in the continuing voyage permit regime that is administered by the department?

Dr Feeney—No. The immigration and the cabotage regime is of long standing. The interaction between the permit system and the importation system is that if a vessel is the subject of a continuing voyage permit or a single voyage permit that is current, Customs treats it as being on a bona fide international voyage. Therefore it would not be considered imported. So as long as it is operating under a permit, and subject to the conditions of the permit, it is considered to be on an international voyage. That is what applied in this case of the *CSL Pacific*. From our point of view, the only reason why we issue a permit is that Australian licensed operators say that they are not available to carry that cargo. Before the permit is issued, we check with licensed operators, asking if they are available to take that cargo. In this case, all licensed operators said no, they were not available. On that basis—

Senator O'BRIEN—There is not an Australian flagged vessel available to carry cement?

Dr Feeney—Not at that time and in those quantities. That is the information we were provided with. A continuing voyage permit is for quite a long period.

Senator O'BRIEN—That is right. How long is the permit for?

Dr Feeney—In that case, as I recall, they applied for it in late September, and we determined availability and the permit applied from 2 October to 15 March. We issued the permit on 3 October. The point is that at that time all Australian operators said that they were not available to carry any of that cargo that was planned for that six-month period. If an Australian operator had said, 'We are available to carry that,' the permit would not have been issued. That is the purpose of this. The system is to try to enable trade to continue in the interest of the wider community.

Senator O'BRIEN—Do the workers on the ship pay tax in this country?

Dr Feeney—As to the tax that is payable in relation to international ships operating on the coast, the agent is subject to taxation in relation to the earnings. No, the seafarers themselves do not pay tax, but tax is paid and payable in relation to whatever the ship earns while it is operating around the coast.

Senator O'BRIEN—What Australian flagged vessel did this vessel replace? It is pretty certain that there was a cement carrying vessel on the Australian coast until—

Dr Feeney—I cannot recall. I think the *CSL Pacific* used to be an Australian flagged vessel, and the operators made a decision—

Senator O'BRIEN—So to introduce a foreign crew all you have to do is sack your crew and say, 'No-one is going to provide the service, but you can have this vessel with a foreign crew'?

Dr Feeney—That vessel was the subject of the sale of ANL, and CSL purchased the bulk interest out of ANL. But no, Senator, the operators make their own commercial decisions and they operate within the regime that applies in relation to customs, migration and cabotage. That is something that has been in place for a very long time.

Senator O'BRIEN—What Australian laws apply to the employment of the crew?

Dr Feeney—There are no particular Australian laws that apply to the employment of that crew. The crew operate under articles of agreement from wherever they are domiciled.

Senator O'BRIEN—By virtue of that vessel being issued a continuing voyage permit, the crew can work in Australian waters for an extensive period without having any visa rights and therefore have rights to enter the Australian mainland whenever the ship docks without having any special vetting or other tests applied to their presence here.

Dr Feeney—The vessels that operate on a permit are treated no differently to any other international vessel that is coming and dropping—

Senator O'BRIEN—But there is a difference, isn't there? If it is an international vessel that is sailing around the world and it calls in here once in three months, that is quite different to a vessel which might be calling in to Australian ports every two or three days.

Dr Feeney—But again, Senator, as I said that situation can only occur where there is no Australian vessel that is available.

Senator O'BRIEN—That is part of the policy environment—I understand what you are saying there. What you are telling us is that the visa arrangements for a crew in those circumstances are as if they are on an international tanker going around the world, calling in to a port for three hours and then sailing off. The visa arrangements are no different.

Dr Feeney—They are treated as being on an international voyage, which ostensibly they are, Senator. They are not able to operate on the coast and sit around in port—it would not be commercially viable for them to do it anyway—unless they have got cargoes, and they can only get cargoes if an Australian vessel is not available.

Senator O'BRIEN—It is a nice refuge to hide behind. Of what relevance to the issue of a single or continuing voyage permit is the operating company's history of complying with Australian law? Is it of any relevance at all?

Dr Feeney—There are two ways of answering that. All vessels that visit Australia are subject to port state control from AMSA, whether they are operating on the coast or not. The

ones that are issued with a single voyage permit or a continuing voyage permit, if they are a dry bulk or an oil tanker then the agents or the owners have to provide some information in relation to their meeting certain safety requirements that are set out in certain pro formas. Those documents are then forwarded to AMSA for checking that those documents are all in order. Then AMSA advises that the documents are in order and at that stage we would issue the permit, subject to that availability test as well.

Senator O'BRIEN—What nationality tests, if any, apply to or limit the access of foreign seamen to the Australian ports on these vessels on continuing voyage permits?

Dr Feeney—Nationality of crew is not a consideration in any issuing of any permits.

Senator O'BRIEN—So whether it be a Chinese, Iranian, Ukrainian or English crew would make no difference.

Dr Feeney—If that is the only factor, no—no difference. It is only in relation to any safety issues that we would have.

Senator O'BRIEN—And if they had broken other Australian laws, that would not be relevant?

Dr Feeney—In the provisions under the act that we use to assess that, there are two tests for issuing a permit. One is availability and the other is whether it is in the public interest to issue a permit.

Senator O'BRIEN—That is delightfully broad, of course.

Dr Feeney—Yes, I know. It is interpreted generally as being safety issues, but I suppose that, if we were made aware of a particular concern which meant we would question whether it was in the public interest to issue a permit to a vessel, then we would take that into account.

Senator O'BRIEN—So could we use the public interest test if we found out that the crew were all Iranian? I know that is hypothetical, but I put it to you as an off-beat example, not necessarily a real reason for excluding it.

Dr Feeney—Concerns have never been raised with us in relation to certain nationalities of seafarers.

Senator O'BRIEN—But would that provision in the law allow you to exclude the vessel on those grounds?

Dr Feeney—If any agency raised with us general public interest issues about particular vessels, operators or crews, then we would take that into account.

Senator O'BRIEN—What means are there for other agencies to know what you are considering?

Dr Feeney—The only agency we consult in relation to issuing of the permit is AMSA, but Customs are aware of the permit that has been issued. That is a requirement. They check to see that the vessels that are carrying cargo around the coast do have the relevant permits or licences.

CHAIR—Senator O'Brien, it is 4 o'clock. We had agreed to a break for senators and officials until 4.15 p.m.

Proceedings suspended from 4.01 p.m. to 4.15 p.m.

Senator O'BRIEN—There are a few more questions on this issue to finish it off. Does the Navigation Act require that a crew of a vessel on a continuing voyage permit be paid Australian wages?

Dr Feeney—No.

Senator O'BRIEN—It does not?

Dr Feeney—No. If a foreign vessel can apply for a licence that would then allow it a sort of preference, I suppose, in the movement of coastal cargo, subject to Customs and Immigration, then while it was operating on the coast it would have to pay Australian wages, but that does not apply to permits.

Senator O'BRIEN—So single or continuing voyage permits remove the obligation for any vessel on the Australian coast—

Dr Feeney—To pay Australian wages; that is correct.

Senator O'BRIEN—Is the CSL *Pacific* a flag of convenience vessel?

Dr Feeney—The term 'flag of convenience' is not a term that we would normally use.

Senator O'BRIEN—Where is it flagged?

Dr Feeney—The Bahamas.

Senator O'BRIEN—A well-known shipping nation. Where is it owned?

Dr Feeney—It is owned by a Canadian company and flagged in the Bahamas.

Senator O'BRIEN—Crewed by Ukrainians?

Dr Feeney—Yes.

Senator O'BRIEN—Plying Australian waters?

Dr Feeney—At times, yes.

Senator O'BRIEN—For the period between early October and mid March, apparently.

Dr Feeney—That combination is not unusual in the international shipping industry—the vessel's operator is in one country, it is flagged in another and it is crewed by another. It is pretty standard practice in the global international shipping industry.

Senator O'BRIEN—Does the department have any information on cargo rates?

Dr Feeney—Cargo rates?

Senator O'BRIEN—What this vessel charges as compared to its predecessor?

Dr Feeney—Sometimes applicants might provide that information in relation to their application but that is not a consideration. Rates have nothing to do with it. There are two tests: availability and the public interest.

Senator O'BRIEN—Does the department keep any information on cargo rates?

Dr Feeney—In this context, we do not keep any information on cargo rates.

Senator O'BRIEN—In any context?

Dr Feeney—The department is responsible for regulations under the part X of the Trade Practices Act and in that context it gets information from the consortia or conferences about negotiations. That is about cargo rates, not about charter rates.

Senator O'BRIEN—Are these vessels chartered for the purposes of carrying cargo rather than paid to carry cargo?

Dr Feeney—There is a mixture. The applicant is normally the manager of the ship, for want of a better word, and that might be a charterer. They carry cargo. In relation to container vessels, there are a large number of different owners. Obviously, in bulk vessels, there is normally one owner of the cargo.

Senator O'BRIEN—Can the government revisit a permit once it has been issued?

Dr Feeney—A continuing voyage permit can only be withdrawn with six months notice, but there are conditions that you can place on the permit, and we do.

Senator O'BRIEN—‘Conditions are placed on the permit, and we do.’ Is that what you said?

Dr Feeney—Yes. We are able to place any conditions. For instance, on the continuing voyage permit, even though it is a permit for a large period of time and we have assessed that the licensed operators are not available, we still have a requirement that every time they pick up cargo they have to then do that same sort of assessment that there is no other licensed operator available.

Senator O'BRIEN—I was thinking, for example, about if you discovered that you did not really want the crew in Australia.

Dr Feeney—Whether the crew should be in Australia is really a responsibility of Immigration.

Senator O'BRIEN—But you were saying that on a continuing voyage permit they have a special permit to enter.

Dr Feeney—They are still subject to scrutiny and assessment by immigration officials.

Senator O'BRIEN—Does that happen at the time the permit is issued?

Dr Feeney—That is something totally separate from our processes.

Senator O'BRIEN—So there is no communication with DIMIA?

Dr Feeney—With Immigration in Western Australia, no, because they have their own information about vessels coming in. And again they are not focused on just the ones that are carrying cargo; they are looking at vessels that are plying the coast on international voyage, which is the vast majority of vessels.

Senator O'BRIEN—Thanks for that.

Senator BUCKLAND—I want to ask a few questions on the Alice Springs to Darwin rail line, but I am not sure if now is the time to do that or if it should be at a later stage.

Ms Briggs—I think that is 3.4, Transport Programs Division, Senator.

Senator BUCKLAND—I am quite happy to wait till then.

Senator O'BRIEN—It is not infrastructure, then?

Ms Briggs—It is, but we are in the process of implementing a program.

Mr Yuile—I would like to mention an answer to a question you asked, Senator O'Brien, about the currently RTCs or additional RTCs expected to be operational this financial year, and how many have no licensed Post Office or financial institution. The answer to that is eight. You asked also in respect of the funding of a rural financial counsellor position at

Pyramid Hill. The Pyramid Hill business plan and project assistance application that came to us makes no provision for a rural financial counsellor, and such a position is not provided for in terms of our funding. If there is such a person, presumably the position is being funded from elsewhere.

[4.23 p.m.]

Senator O'BRIEN—We are up to questions for officers of the Transport Regulation Division. This could take some time. I want to ask first about the code of conduct for the trucking industry. Last year the government was working with the industry to develop a code of conduct for the trucking industry. What has happened? Where is that process up to?

Mr Hogan—I think it is more accurate to say that the government was lending some support to industry in facilitating the development of a trucking industry code of conduct. The government was never actually working with the industry to develop a code of conduct. It is a code of conduct by industry, for industry.

As to where it is at, there was a working group that worked assiduously to develop a draft code and then the Australian Trucking Association undertook to put that code through its processes in an endeavour to ensure that there was widespread support for the code. It has come out the other end of that, and the next stage of the process is that on 28 February Senator Boswell is hosting a meeting here at Parliament House at which the trucking industry will have the opportunity to present on the content of the code, its context and, from their point of view, why it is important to some of their key customers. So that is where it has reached.

Senator O'BRIEN—Has the Commonwealth been involved in all meetings to date about establishing the code? You have been facilitating it, so I took it to mean that you were taking a hands-on approach to keeping the parties together and resolving any little bumps in the process and the like.

Mr Hogan—I do not know about resolving any little bumps in the process, but certainly, during the working group stage to develop the draft code, the Commonwealth was in attendance at every meeting and doing its best to make sure that the wheels turned smoothly.

Senator O'BRIEN—How many meetings has the Commonwealth attended in that regard?

Mr Hogan—You are testing my memory there because that part of the process came to a conclusion about mid-last year, but I would have said that there were five or six meetings. I can check that if you want me to.

Senator O'BRIEN—That was up to the middle of last year?

Mr Hogan—I think so.

Senator O'BRIEN—What has happened since then? What has the Commonwealth's involvement actually been since then?

Mr Hogan—It is a code by industry for industry. The extent of the Commonwealth's involvement has been to facilitate, and where it got to was that at a time prior to the election Senator Boswell was to hold the meeting which he is now holding on 28 February. The election got called, so the meeting was quite sensibly postponed. So there has been a hiatus in activity on the code.

Senator O'BRIEN—Senator Boswell told the ATA convention in April last year that the Commonwealth would help fund the code's dispute resolution mechanism up to \$100,000. Is

that money available? Is that in the funds of the department waiting to be spent? Is it mentioned in the portfolio additional estimates statement?

Mr Hogan—That money is contingent on industry itself raising money for a dispute resolution mechanism. It is dollar for dollar.

Senator O'BRIEN—Is it provided somewhere now? Where is the money? Has it been the subject of an appropriation?

Mr Hogan—It is not specifically identified, but if and when an occasion should arise when the money is required we would find it, because it is a commitment of the minister and Senator Boswell.

Senator O'BRIEN—But it has not been appropriated yet?

Mr Hogan—No.

Senator O'BRIEN—Senator Boswell also promised to provide the National Road Transport Commission with \$100,000 to help speed up the chain of responsibility initiatives. Did that occur?

Mr Hogan—That occurred, yes.

Senator O'BRIEN—So that money has been provided. Was it in last year's budget or this year's?

Mr Hogan—That money was provided in the last financial year.

Senator O'BRIEN—Senator Boswell promised \$100,000 for the promotion of the code of conduct when it is finalised. I take it that that money is not the subject of an appropriation yet.

Mr Hogan—No. The same thing applies to that as for the dispute resolution mechanism money. As and when the time arises, the money will be found.

Senator O'BRIEN—What will the Commonwealth's role in this code of conduct be, assuming one is reached?

Mr Hogan—As I keep saying, it is a code made by industry for industry, but I think the Commonwealth's role is to help turn the wheels in terms of allowing the trucking industry to get its message out and about. If you look at the sort of activities that Senator Boswell is committed to, there is a meeting with customers proposed on 28 February. That is an opportunity for the industry to sell its message to, if you like, captains of industry. There is also the prospect of a meeting—again facilitated by Senator Boswell—with financiers, who play an important role in the dynamics of the industry. We are talking about money to assist the trucking industry in the promotion of the code. So it is about supporting an industry initiative.

Senator O'BRIEN—I take it there will be no legislative or regulatory measures to facilitate support or assist in the implementation of a code, once it is finally reached?

Mr Hogan—What is on the table is a voluntary code of conduct that does not require any legislative measures. The code itself refers to a number of pieces of legislation that are being processed through the National Road Transport Commission reform process.

Senator O'BRIEN—Which pieces of legislation?

Mr Hogan—Principally the compliance and enforcement reform, and the associated chain of responsibility.

Senator O'BRIEN—Where are they in the legislative process?

Mr Hogan—Compliance and enforcement is a reform that has had a long history, but I think you could say that we would expect that to be turned into legislation within the next two years.

Senator O'BRIEN—I would also like to clarify the process for ensuring Australian design rules are developed and enforced. All new cars sold in Australia have to comply with Australian design rules, as I understand it. Is that correct?

Mr Robertson—The requirement is that vehicles supplied to the market in Australia for the first time have to comply with the Australian design rules, yes.

Senator O'BRIEN—So certain used vehicles could be sold without that?

Mr Robertson—There are some provisions in the act where it is possible to give either a non-standard approval, if you have a vehicle that has a special requirement, a street sweeper for example. There are other provisions that allow vehicles to be imported into the country under personal import arrangements, or if they happen to be an older vehicle, a race rally vehicle, or have some kind of special requirement.

Senator O'BRIEN—Do these Australian design rules include rules on car occupant safety?

Mr Robertson—Yes, they do.

Senator O'BRIEN—Is it the manufacturer that tests vehicles against these design rules?

Mr Robertson—If you are talking about the certification process—the regulatory side of it—the manufacturer conducts their own tests and supplies evidence to us of the outcome.

Senator O'BRIEN—So you rely totally on the information from the manufacturers in that regard?

Mr Robertson—We receive what we call a summary of evidence, in the certification process. The manufacturers are also subject to an audit process, where we confirm what we call conformity of production. We actually go to the facility, go through the original test reports, and confirm that the vehicle that is being manufactured is in accordance with that ADR compliance.

Senator O'BRIEN—Is that information publicly available?

Mr Robertson—The test report information? No, that is provided to the department as commercial-in-confidence, as part of the certification process.

Senator O'BRIEN—Why is that? We have Australian design rules which cover compliance in certain impact circumstances, at certain speeds. Why is passing that over commercial-in-confidence? You have to do that to pass Australian design rules.

Mr Robertson—The requirement is that the vehicle that is manufactured for supply to the Australian market meets the requirements of the Australian design rule. That is for certification, and that is the extent of our interest and regulation. If they pass, then they have met the requirements. The Australian design rule is on the public record.

Senator O'BRIEN—Are you saying that the public does not need to know that information; they only need to know if the vehicles have passed?

Mr Robertson—No, Senator. I am not making a comment on whether the public needs to know or whether that is desirable or not. That is a separate issue. What I am saying is that—

Senator O'BRIEN—Why is it commercial-in-confidence? I am trying to understand that.

Mr Robertson—That is a transaction between the manufacturer and the regulatory authority. It would contain information that one manufacturer might not want another manufacturer to be aware of. There might be a novel design feature apparent in the evidence that is submitted to us.

Senator O'BRIEN—So an impact test is likely to reveal a novel design feature?

Mr Robertson—Possibly but not necessarily—

Senator O'BRIEN—I would have thought that was pretty unlikely.

Mr Robertson—The requirement is that they meet the minimum standard specified in the impact test. In law our requirement is to confirm if that happens, not by how much it happens or anything else that might take—

Senator O'BRIEN—Would it be commercial-in-confidence if the department organised the tests, rather than the manufacturer?

Mr Robertson—It is a difficult one to answer. It depends on the nature of the tests, why they were done, and what we were looking to reveal. We do run an extensive research program that involves crash testing vehicles, but that is not for the purpose of working out whether vehicle A is better than vehicle B. The object there is to look at how best the testing that is used in regulation can be developed to reflect the real world. But I should say that those results are usually the subject of some sort of academic paper and are presented freely.

Senator O'BRIEN—Indeed. When the test results are presented to you by the manufacturer, do they say, 'Vehicle tested. Full frontal impact into solid barrier at 48 kilometres per hour. The vehicle was so many per cent intact,' or how is it presented?

Mr Robertson—There are a number of criteria in a crash test, not just related to the vehicle but relating to the performance of the dummy. You would have numbers that would appear—for example, one of the measures is for head injury criteria—that would give a rating. These would appear in the summary reports that we see, and that would confirm compliance with the minimum requirements outlined in the ADR.

Senator O'BRIEN—So it is in the public's interest to know the best scores in these tests?

Mr Robertson—I would not comment on what is in the public interest.

Senator O'BRIEN—If you were buying a vehicle, Mr Robertson, would you prefer to buy one which had better scores for the dummy in a common test, all other things being equal?

Mr Robertson—Senator, 'all other things being equal' is probably the key part of that statement. There are many things that go to make up the safety of a vehicle—active safety as well as passive safety. A crash test can tell you so much, whether it is full frontal, whether it is offset, side impact or whatever. It may or not be the best indicator of the real world. In fact, that is what our research efforts are aimed at testing. There is also the issue that when you see this sort of data it is highly technical in nature, so there is always the risk that somebody might look at crash test data and see a particular set of numbers and say, 'This vehicle is better than that vehicle' when without a very good understanding of what lies underneath that data you might be making an erroneous judgment.

Senator O'BRIEN—So we are better off not knowing at all? You are making a case for us to be—

Mr Robertson—No, Senator, I am not making a case.

Senator O'BRIEN—I think you are trying to.

Mr Robertson—I am just presenting the argument that it is not quite as straightforward an issue as you might think.

Senator O'BRIEN—I am not assuming that it is straightforward at all. Is there a cut-off point or a measurement for passing or failing the Australian design rule test? Are there measurements in these various tests?

Mr Robertson—Most certainly. The rules which specify the testing procedure—

Senator O'BRIEN—So there are subjective measures that you put in place to read these reports?

Mr Robertson—No. The design rules—

Senator O'BRIEN—Objective measures, I should say.

Mr Robertson—are in regulation. If the numbers do not meet what the regulation says they need to meet, they do not pass.

Senator O'BRIEN—So you do not have a discretion—the numbers are contained in law; the tests have to address the criteria set down in the law.

Mr Robertson—The short answer to that is yes. There is nearly always a 'however' on these because there are powers in the act to grant approvals on the basis of a criterion not being met. But there is no discretion to say that Australian design rule 'X' has been met when in fact it has not.

Senator O'BRIEN—So they either meet these specific tests in the legislation and pass—

Mr Robertson—Yes.

Senator O'BRIEN—or they do not meet it and fail, in any particular area. There is no discretion; there is no aggregate—a 'you did better here but worse there' sort of approach. You have to pass every test level.

Mr Robertson—It depends on the design rule. In general, with respect to what you are saying, yes, that is correct.

Senator O'BRIEN—The elements of commercial-in-confidence are the degree to which the scores in the test might compare one vehicle with another. Is that a fair way of putting it?

Mr Robertson—That would be one consideration for a manufacturer, I would imagine.

Senator O'BRIEN—Can you tell me something about the Australian New Car Assessment Program. Does the department believe that the ANCAP crash test is effective and impartial?

Mr Robertson—I do not think the department would express a view on that. The department does participate in ANCAP for pedestrian testing. It is not part of the department's research program, which, as I mentioned, is aimed at a different requirement. We are interested in the process of regulation, whereas ANCAP, which is conducted by the Australian Automobile Association, is designed—I do not want to demean it—in the mode of *Choice* magazine, to try to compare one model with another.

Senator O'BRIEN—The ANCAP is funded to a minor extent by the department but mostly by the motor vehicle industry—part of the Australian Automobile Association?

Mr Robertson—That is correct, yes.

Senator O'BRIEN—Who comprises the membership of that organisation?

Mr Robertson—I am not sure of the entire membership but, as I understand it, it would include the state based motoring organisations—NRMA, RACV and the like.

Mr Ellis—I think some state registration authorities participate as well. If it would help, we will ask the AAA, get a list of membership and provide that.

Mr Robertson—I think there may be some car clubs involved as well.

Senator O'BRIEN—Okay. There was an article published in the *Sydney Morning Herald* on 15 February which quotes you, Mr Robertson, as saying:

“This information is commercial in confidence,” ... “We don't have the right to make it available.”

The article continues:

The Department of Transport is also less than enthusiastic about aspects of ANCAP testing, yet it contributes financially to a new test which rates the potential of a car's front end to injure pedestrians.

Are there such concerns?

Mr Robertson—In what sense?

Senator O'BRIEN—Does the department have such concerns about the ANCAP process?

Mr Robertson—As you can appreciate, it is difficult for the department to express views on that sort of issue. In an objective sense, with respect to whether we have concerns, what I would say is that the ANCAP test is performed at a test speed which is in excess of what the ADR requirement is. The reason for that is because it will show up a greater disparity in results. It is much easier to define differences between vehicles at a higher speed.

It might not necessarily reflect the best design potential for the vehicle because the ADR speed is designed to provide the greatest degree of benefit at the sort of speeds where most accidents occur. So it could well be that a process such as ANCAP provides an incentive for manufacturers to design vehicles that will perform well in the ANCAP test, and that may mean that they will optimise performance for that particular crash test—and bear in mind ANCAP is one crash test, so they are drawing conclusions about models based on one test.

It could also mean that the vehicle is optimised for that speed at the expense of being optimised for the test speeds that are specified in the ADR, which could well reflect the great majority of crashes. So the result from that could well be that more people suffer more trauma from having vehicles that are designed to meet a test that is not the most appropriate test in the circumstances.

Senator O'BRIEN—I understand what you are saying there. The implication of the article is that somehow it is peculiar, if you have got those concerns, that you are contributing financially to the ANCAP testing process.

Mr Robertson—No, we are only contributing to the pedestrian component of the testing. The department's research program covers a range of testing processes, particularly side impact. We also do vehicle compatibility testing.

Senator O'BRIEN—The information which has been given to me indicates that there is a rising number of motor vehicle recall activities—new vehicles being recalled by the manufacturer. The approximate number of vehicle recalls in 2001 was 105, affecting 644,005 vehicles. I understand that there has also been a redesignation of recalls by manufacturers, describing them as a 'service campaign'. What role, if any, does the department play in assess-

ing this trend in the vehicle industry? One assumes it is to do with not only reliability but safety, and how does the department view the use of terminology such as ‘service campaign’ as an alternative to ‘vehicle recall’ by manufacturers?

Mr Robertson—The vehicle recall function is monitored by the department. All vehicle recalls are done on a voluntary basis. There is power to invoke provisions of the Trade Practices Act but that has never been necessary. A vehicle recall may not necessarily need to be done because of a safety deficiency with the vehicle. You might have a need to correct an error on a compliance plate, for example, or labelling or something like that, which could be subject to a service campaign, so to that extent if the industry chooses to use the terminology ‘service campaign’ the department does not have a great deal of difficulty with it. In fact, it could well be advantageous to not provide any sort of impediment that would discourage the industry from engaging in any sort of recall activity if they thought it was necessary. More appropriately, it should not have a stigma attached to it.

Senator O’BRIEN—Sorry, whether there is a stigma attached to it?

Mr Robertson—It should not have a stigma attached to it. In a policy sense we would be keen to ensure that that did not happen.

Senator O’BRIEN—It depends how late in the process the recall factor comes and what has occurred to provoke it.

Mr Robertson—If a manufacturer had the choice of invoking the recall or not, and it was an inconsequential thing, it would probably not be the best situation for the manufacturer to feel constrained, because then there might be some sort of adverse perception attached to the notion of a recall.

Senator O’BRIEN—I suppose it is a fine line. I understand what you are saying about the use of terminology which is more neutral, such as service campaign, if you want to do something which is correcting a minor, non-safety related, nonperformance related deficiency.

Mr Robertson—I will have to check, but I am not aware of any case where a manufacturer would have invoked a safety-related recall on an item and then would have called it a service campaign.

Senator O’BRIEN—What measures could the department use if that occurred?

Mr Robertson—The recall campaign works on the basis of a code of practice developed by the industry, and I would imagine that there are provisions in there. The issue for the regulators is that if a recall action was necessary and the industry was not prepared to undertake action in a way that we considered acceptable, then we do have the powers under the Trade Practices Act.

Mr Ellis—In my experience, the department works with the particular manufacturer and there is a code of conduct, developed by the industry, which sets out a series of protocols and steps to give those manufacturers a structure to work within.

Senator O’BRIEN—So there is some sort of forum with manufacturers.

Mr Ellis—Yes. For example, we would work directly with the manufacturer and get the FCAI involved.

Senator O’BRIEN—What is the FCAI?

Mr Ellis—The Federal Chamber of Automotive Industries.

Senator O'BRIEN—Is there any discussion with the department about the cost to manufacturers of motor vehicle recalls?

Mr Ellis—Not in my experience.

Mr Robertson—No.

Senator O'BRIEN—Could you check that? I just wondered whether there was some assessment as to what they cost manufacturers and whether and how that is passed on to consumers.

Mr Robertson—Senator, I have just taken advice and we can give you a definite no on that.

Senator O'BRIEN—Does the department have any figures which would break down the number of vehicles recalled as a vehicle recall and those recalled as a service campaign?

Mr Robertson—No, it does not. We are not notified of service campaigns, only safety-related recalls.

Senator O'BRIEN—In December last year Senator Boswell issued a press release in which he stated:

The Federal Government is pressing the advertising industry for more effective self regulation in the area of motor vehicle advertising.

At around the same time the AAA backed a plan to withdraw from all media advertising using speed and aggressive driving. What view does the department take of the adequacy of the current voluntary advertiser code of ethics, given that it is acknowledged to be much less strict than a comparable code, such as the British Independent Television Commission code?

Mr Ellis—I might ask Mr Wylie to come back to the table to answer that one.

Mr Beresford Wylie—That falls under the jurisdiction of the Australian Transport Safety Bureau. The issue of the approach of the advertising industry to advertising motor vehicles was originally raised in the National Road Safety Strategy panel, meeting at the beginning of last year. A number of jurisdictions had expressed their concern and the department, through the ATSB, listened to those concerns and subsequently wrote to the minister for communications, Senator Alston, asking his advice. Senator Alston came back with the advice that there was indeed a voluntary code which applied to the advertising of motor vehicles. Part of that code provides a one- or two-line statement that advertisers will abide by prevailing community standards for health and safety. That is the full extent of the code's application when it comes to things like motor vehicle advertising.

Senator O'BRIEN—So it is not working.

Mr Beresford Wylie—It is a very broad definition, obviously. It does not provide a great deal of guidance, shall we say, for motor vehicle manufacturers or, indeed, for advertisers. Senator Alston, in his reply, did suggest that perhaps the Australian Transport Safety Bureau would like to raise the issue directly with the advertisers themselves through their national association. We made contact with that national association, had a couple of discussions with them and indicated our desire to have the opportunity to put some more fulsome views on what might be considered more appropriate guidance, or more informative guidance, for advertisers within the regulatory code framework that they currently operate in. The advertisers undertook, during my telephone conversations with them, to call together a meeting early in the new year—that is this year—of advertisers and motor vehicle

manufacturers to look at what we might put forward as a submission on how the code might be strengthened or how it might provide greater guidance. We have yet to set a date for that meeting.

In the meantime the ATSB has consulted with the members of the National Road Safety Strategy panel to pull together a submission which will put a view forward about how greater guidance could be provided. One of the things that we have looked at, obviously, is the overseas experience in this area. There are a number of codes around the world. There is a British code which, although it is a mandatory code, does provide quite a bit of guidance about motor vehicle advertising and about things that perhaps—

Senator O'BRIEN—It is a mandatory code?

Mr Beresford Wylie—It is. But it does enumerate the sorts of things which vehicle manufacturers should look at, and in our case might look at, when putting together advertisements.

Senator O'BRIEN—Is the process with the Australian Association of National Advertisers ongoing?

Mr Beresford Wylie—That is right.

Senator O'BRIEN—When is the next meeting?

Mr Beresford Wylie—We have yet to set the meeting date or be advised by the advertisers of when they have called together the motor vehicle manufacturers. We have pressed them on that point, pointing out that there is an expectation that that meeting will be held early this year—and we are now in February.

There is a meeting of the National Road Safety Strategy panel, which brings together all of those jurisdictions and which has an interest in this area, next week, and they will consider the line that we are taking. They may provide some further advice on what they would like to see in a submission. We expect to put that submission and our viewpoints forward to the advertisers when they advise us of when the meeting might be held with motor vehicle manufacturers.

Senator O'BRIEN—Are there any constitutional impediments to a mandatory code being implemented here?

Mr Beresford Wylie—I am not familiar with the constitutional basis for regulating advertising. I can say that our discussions with the department of communications indicated that, in fact, advertising is only regulated in two areas—apparently one is tobacco and the other is alcohol—and that the regulation of advertising there is actually attached to, or is part of, the legislation that deals specifically with those products. So there is not a piece of legislation dealing with advertising; there is a piece of legislation dealing with alcohol and there is a section dealing with advertising in that. And there is a piece of legislation dealing with tobacco and a section dealing with advertising in that.

Senator O'BRIEN—Thanks for that information. I guess you are suggesting I make my own research about the constitutionality. I understand the department has prepared a submission to the fuel tax inquiry; is that correct?

Mr Yuile—That is correct, Senator. I will get the appropriate officer to answer the question.

Senator O'BRIEN—Is that a policy matter or a regulation matter?

Mr Yuile—It was handled by the economic policy area of the department.

Senator O'BRIEN—Mr Slatyer, apparently you have had something to do with the preparation of the submission to the fuel tax inquiry. Is that correct?

Mr Slatyer—That is correct, Senator.

Senator O'BRIEN—What is the department's considered view, as put to the fuel tax inquiry?

Mr Slatyer—Senator, our considered view is fully set out in the submission to the inquiry, which is publicly available.

Senator O'BRIEN—Is that on your web site?

Mr Slatyer—It is. It is on the fuel tax inquiry web site.

Senator O'BRIEN—Has the department completed any work on models for an energy grants (credits) scheme?

Mr Slatyer—The department has been considering possible design features of an energy credits scheme for some time. That work was swept into the process of the fuel taxation inquiry, being as that energy credits scheme was part of the terms of reference for that inquiry. Our thinking on those features is contained in our submission.

Senator O'BRIEN—This may be in the submission as well, but it may not, so I will ask and you can tell me to check the submission or otherwise: does the department have a view as to the role it would play in finalising an energy grants (credits) scheme?

Mr Slatyer—Not as a department, Senator. We would not have a view on that. The government charged our department and Environment Australia to work together at the policy development phase but we do not have a view, nor have we expressed one, on how such a scheme would be finally implemented in the Commonwealth.

Senator O'BRIEN—Thanks for that.

[5.05 p.m.]

Australian Maritime Safety Authority

Senator O'BRIEN—I will go now to questions for the Australian Maritime Safety Authority. Welcome, Mr Davidson. Was AMSA contacted about the vessel *Axion Number One* earlier this month? It is Greek owned, under a Panamanian flag and Chinese crewed.

Mr Davidson—Yes, we were.

Senator O'BRIEN—Can you take me through the response from AMSA to concerns about the safety of this vessel and conditions being forced onto the crew? I understand that immigration authorities were also called to the ship and discovered that there were no papers identifying the crew as belonging to that vessel and no ship's articles at all with the vessel.

Mr Davidson—I understand that the issues principally related to Immigration and Multicultural Affairs, who were called to the vessel on 11 February. We conducted a port state control inspection on the 12th and identified one deficiency in relation to crew certificates not being updated for the STCW95. There were, in our estimation, minor matters in relation to cleanliness of accommodation. However, they did not represent deficiencies for the purpose of port state control. We had at least one other inspection on 31 October and the vessel has not been detained by AMSA.

Senator O'BRIEN—Is the ship required to carry its articles?

Mr Davidson—Yes, it is.

Senator O'BRIEN—Were they present?

Mr Davidson—I believe so, Senator.

Senator O'BRIEN—So AMSA was satisfied the vessel was fit to sail when it left Australia on 12 February?

Mr Davidson—That is my information.

Senator O'BRIEN—Can you confirm that officers of AMSA had a number of conversations with the captain of the vessel *Tampa*?

Mr Davidson—Yes, I can.

Senator O'BRIEN—Can you identify the officer or officers who had those conversations?

Mr Davidson—No, not offhand.

Senator O'BRIEN—It wasn't you, then?

Mr Davidson—No, I did not have any conversations. The rescue coordination centre had a number of discussions with the ship over a period of about three or four days. There would have been a number of officers on shift at that time, so there would be a number of them.

Senator O'BRIEN—What was AMSA's responsibility in relation to the incident in which the *Tampa* was involved in picking up the occupants of a vessel in distress? I think we all know what we are talking about, so I do not need to identify it with dates, times or places, do I?

Mr Davidson—I can give a broad characterisation if you like, Senator, and you can go from there.

Senator O'BRIEN—Okay.

Mr Davidson—On Saturday, 25 August, we were advised via a Coastwatch aircraft, through the normal communication channels, that the vessel had been sighted north of Christmas Island 'dead in the water'. On the following day we were advised that they were signalling—I think it was 'help' and SOS was being signalled on the vessel. At that stage the RCC issued a broadcast to shipping. I will add that on the Saturday, when we were advised of the vessel being dead in the water, we had contacted the Indonesian search and rescue authorities, known as BASARNAS. It was within their search and rescue region at that time, and they were the agency that would coordinate and manage any search and rescue associated with the vessel.

However, the notification of the SOS came via a Coastwatch aircraft and, under the agreed protocols, we issued the distress broadcast to shipping in the area. A number of ships responded to that. We advised BASARNAS at that time as well where we had taken the event. I understand the *Tampa* and a couple of other vessels responded. From the next advice I believe we had, the *Tampa* was on scene and had picked up some distressed people. The information came to us via the Norwegian search and rescue agency and, at the same time, from another vessel on the scene that had been dismissed by the *Tampa*. Over the next several hours there were contacts made with the vessel.

Senator O'BRIEN—By AMSA?

Mr Davidson—Yes, AMSA had made contacts. After the *Tampa* had advised that it had picked up people and dismissed the other shipping, the *Tampa* then proceeded and advised us at that stage that it was proceeding on its voyage to Merak and then Singapore. It was some hours later, I believe, that contact was made where the *Tampa* advised that the situation had changed.

Senator O'BRIEN—Contact was made at whose initiative?

Mr Davidson—I think at that stage we had contacted the *Tampa*.

Senator O'BRIEN—Why?

Mr Davidson—In order to ascertain what its intentions were.

Senator O'BRIEN—Were you or other officers under any direction to communicate with the *Tampa* about its intentions?

Mr Davidson—No, we were not under directions.

Senator O'BRIEN—Were you requested to? Were you asked to?

Mr Davidson—We were requested to monitor the progress of the vessel.

Senator O'BRIEN—Where did that request originate?

Mr Davidson—Initially from the department of immigration.

Senator O'BRIEN—Had AMSA been in communication with the department of immigration before that?

Mr Davidson—Yes, they had.

Senator O'BRIEN—When did that communication commence?

Mr Davidson—I do not have the information as to the first contact, but I believe that it would have been right at the time when the initial Coastwatch advice was passed that the vessel was dead in the water.

Senator O'BRIEN—Was that as a result of a procedure which had been put in place before that time? Was that a standard procedure that you were required to undertake?

Mr Davidson—Yes.

Senator O'BRIEN—Was there special communication about that vessel?

Mr Davidson—No. Coastwatch operate on behalf of a number of agencies, and Immigration is one of those. They would have been in contact with us in terms of their knowledge about the state of the vessel, its intentions and so forth.

Senator O'BRIEN—So when was the first contact with Immigration about the *Tampa*?

Mr Davidson—Probably on Saturday, the 25th.

Senator O'BRIEN—Can you check and confirm that for us? Would there be a time you could ascribe to the communication?

Mr Davidson—Yes, I can check that.

Senator O'BRIEN—Was there a reporting process for AMSA to report back to DIMA following every communication from AMSA to the *Tampa*?

Mr Davidson—I would not have said after every communication, but in general, yes. Any information that was gathered from the vessel was reported.

Senator O'BRIEN—Were there any *Tampa* specific instructions issued in the course of communications which were in addition to or were reinforcing previous requests for information by DIMA?

Mr Davidson—Not during the rescue phase of the operation, no.

Senator O'BRIEN—So up to the point where *Tampa* had picked up the occupants of the vessel that was dead in the water there were no communications from DIMA to AMSA about a special approach to this vessel?

Mr Davidson—No. There was a monitoring of the situation.

Senator O'BRIEN—Was there any communication from any other government departments or agencies about that vessel in that time?

Mr Davidson—Coastwatch and DIMA were the two points of contact at that time.

Senator O'BRIEN—Coastwatch is part of which—

Mr Davidson—Customs and operations.

Senator O'BRIEN—That is Justice and Customs, isn't it?

Mr Davidson—Yes.

Senator O'BRIEN—When *Tampa* advised that they had picked up the occupants of the vessel, what did AMSA do with that information?

Mr Davidson—That was passed to the Coastwatch coordinating people at the time.

Senator O'BRIEN—What instructions did AMSA receive following the passing of that information to the Coastwatch coordinating group?

Mr Davidson—Just to continue to monitor the situation.

Senator O'BRIEN—But you made contact with *Tampa* some hours later, I think you said at the request of DIMA.

Mr Davidson—That is correct, yes.

Senator O'BRIEN—So when did DIMA contact you?

Mr Davidson—I do not have that in front of me in terms of the absolute time.

Senator O'BRIEN—That was after you had contacted the Coastwatch coordination group, I take it.

Mr Davidson—Yes, it would have been. There would have been a number of communications at the time.

Senator O'BRIEN—And following contact with *Tampa* in which the captain said that the situation had changed, what happened?

Mr Davidson—The contact was made at the time he said he had five of the people on the bridge demanding that he take them to Christmas Island. At that stage he was advised that that was piracy or hijack, that that was regarded as an extremely serious issue and that he should advise the people accordingly. He advised at that stage that he was nevertheless continuing to Merak, which had been his intention, and he had been in contact with BASARNAS, the Indonesian search and rescue agency. Having picked them up, he was in contact with them, and they had told him and agreed that he go to the port of Merak.

Senator O'BRIEN—So that was the second contact, was it—the first contact after he had picked them up?

Mr Davidson—Yes, I think that would have been the second contact.

Senator O'BRIEN—The *Tampa* had picked up the people, you reported to the Coastwatch coordination group, you were requested by DIMA to contact again, you contacted again and they then said, 'There are people on the bridge. They want us to go to Christmas Island but we are still going to Merak'?

Mr Davidson—Yes.

Senator O'BRIEN—What happened then?

Mr Davidson—My understanding is that the next advice—I am not sure which way the contact was—was that the master had, essentially, decided to go to Christmas Island. He mentioned violence, that he felt threatened, and advised that he was intending to go to Christmas Island.

Senator O'BRIEN—And you are not sure whether you contacted the captain or the captain contacted you, is that what you are saying? Or whether someone else had picked up that information?

Mr Davidson—At this stage I am not certain of the actual details. I will check the information I have here.

Senator O'BRIEN—Has that helped?

Mr Davidson—It really says that there was a voice discussion between the two parties but it does not say who originated the call.

Senator O'BRIEN—So there was a discussion between the *Tampa* and AMSA?

Mr Davidson—Yes.

Senator O'BRIEN—At what stage was AMSA directed to stop communicating directly with the captain of the *Tampa*?

Mr Davidson—I do not recollect any such direction.

Senator O'BRIEN—Was there a cessation in the discussions? Did someone take over? It ceased to be a search and rescue thing, didn't it, and became something else?

Mr Davidson—Absolutely. At about the time that the rescuees were on the bridge, it became a hijacking rather than a search and rescue. In fact, from our perspective, once the rescuees had been picked up, that was the end of the search and rescue.

Senator O'BRIEN—So the refugees had been picked up, and that was the end of the search and rescue. You then became an agent for DIMA in contacting the vessel again.

Mr Davidson—We were monitoring the progress of the vessel.

Senator O'BRIEN—At the request of DIMA.

Mr Davidson—Yes.

Senator O'BRIEN—Your search and rescue function had concluded?

Mr Davidson—Yes.

Senator O'BRIEN—What further role did you play in the contacts with the *Tampa*? There appear to have been a number of contacts. Was there a special reason why it was you and not some other frequency?

Mr Davidson—Yes, the rescue coordination centre has specific communication facilities and channels available to it for communicating with vessels particularly. So a number of communications were transmitted to the vessel by us on an ongoing basis.

Senator O'BRIEN—Does the government have a group of people dealing with this matter from the point at which it ceased to become a search and rescue matter and became something else?

Mr Davidson—Yes.

Senator O'BRIEN—Was there a group of people from different departments who had responsibility for the matter?

Mr Davidson—That is correct.

Senator O'BRIEN—Was AMSA part of that group?

Mr Davidson—For the short period of the search and rescue events around the *Tampa*, yes.

Senator O'BRIEN—When did you cease to be a part of that group?

Mr Davidson—I do not have the exact times but not long after that week—the first few days of the *Tampa*, probably the Wednesday or the Thursday.

Senator O'BRIEN—When was this group, body—call it what you will—formed?

Ms Briggs—I can help you, Senator. It was set up in August.

Senator O'BRIEN—When in August?

Ms Briggs—I do not have a date for that.

Senator O'BRIEN—Was it before or after the Saturday when the *Tampa* picked up the occupants of the vessel that was dead in the water?

Ms Briggs—I would have to take that on notice; I am really not sure.

Senator O'BRIEN—Why would it have been set up before that?

Ms Briggs—I think you would have been listening to other estimates hearings. The task force we are referring to is the People Smuggling Task Force.

Senator O'BRIEN—No, I have not been listening to other estimates hearings; I have been in here every single minute, I think.

Ms Briggs—I do not know the precise day that the People Smuggling Task Force was set up—we have to check. All I know is that it was in August.

Senator O'BRIEN—Who was in charge of that group? Was someone coordinating it?

Ms Briggs—Yes, the group was coordinated out of the Department of the Prime Minister and Cabinet.

Senator O'BRIEN—Is Jane Halton the person who is responsible?

Ms Briggs—That is correct. She was the chairperson of that group.

Senator O'BRIEN—In the initial stages, starting some time in August—and you do not know whether it was before or after the occupants of the vessel were picked up by the *Tampa*—this committee was established?

Ms Briggs—Yes.

Senator O'BRIEN—Would AMSA keep the records, or the department of transport?

Ms Briggs—The Department of the Prime Minister and Cabinet was acting as a secretariat to that committee.

Senator O'BRIEN—Surely AMSA or the department of transport would have their records of their own participation?

Ms Briggs—We took notes as to what we were required to do in the various stages of implementation, but it was very clear in those meetings that the Department of the Prime Minister and Cabinet had a record keeper there.

Senator O'BRIEN—Were you present at those meetings, Ms Briggs?

Ms Briggs—Yes.

Senator O'BRIEN—How long was the department involved, as distinct from AMSA?

Ms Briggs—The department is still involved most often when that task force meets.

Senator O'BRIEN—So the department was involved from its inception. AMSA was involved from its inception for a short period; is that right?

Mr Davidson—I do not believe we were there at its inception. My understanding of the timing was that it was set up before the *Tampa* incident took place.

Senator O'BRIEN—You have notes, Ms Briggs, about when this body was set up, I take it, as you went to the first meeting?

Ms Briggs—I am not sure whether I went to the first meeting or not. We were certainly represented all the way through. I did not go to every meeting because we had a number of things running at that stage.

Senator O'BRIEN—Who would have gone in your place?

Ms Briggs—It would have been Mr Mike Mrdak, the First Assistant Secretary for Territories and Local Government, and Dr Greg Feeney, the then First Assistant Secretary for Cross-Modal and Maritime Transport.

Senator O'BRIEN—How difficult will it be to ascertain the commencement date of the department's role in this task force? It is in a file in your office, I presume.

Ms Briggs—We will have a look through our records to get that. I will take that on notice. I do not think that should be a major sticking point for us.

Senator O'BRIEN—Can we have that after the dinner break?

Ms Briggs—I am not sure.

Senator O'BRIEN—That is in an hour and then there is an hour dinner break, so in two hours time.

Ms Briggs—I am not sure because of the absence of Mr Mrdak and the fact that my diary is locked away in the office. I really need to consult the diaries from last year to check that.

Senator O'BRIEN—So it would not be on a file with your notes and with a date on the notes?

Ms Briggs—Not necessarily, no.

Senator O'BRIEN—It would make for some interesting notes if you do not date your meeting records. You seem a very efficient person, Ms Briggs.

Senator Ian Macdonald—All of our officers are very efficient.

Senator O'BRIEN—That is why I think the date is probably on the notes. When was the *Tampa* first discussed at these meetings?

Ms Briggs—We would need to check the dates of the task force meetings at that time to be able to provide that information.

Senator O'BRIEN—What was the purpose of the task force when it was set up?

Ms Briggs—To coordinate the provision of advice to the government on the management of unauthorised arrivals and the implementation of government decisions in that regard.

Senator O'BRIEN—What role had AMSA or the department played in those matters prior to the setting up of that task force?

Ms Briggs—Before that date, you will be familiar with the fact that at times unauthorised arrivals were taken to Christmas Island before they were sent to other parts of the country to be held on a longer term basis. So the department was involved, typically, in matters associated with provisioning around that.

Senator O'BRIEN—It is the territories branch?

Ms Briggs—Yes.

Senator O'BRIEN—Was there any communication with AMSA about its responsibilities following the first meeting that you attended, Ms Briggs? I take it that Mr Davidson was not at the first meeting that you attended.

Ms Briggs—No, he was not. Could you ask the question again, so I can get the precise answer?

Senator O'BRIEN—Was there any communication from you, or another officer of the department, to AMSA about their responsibilities arising from the first meeting of this committee that you attended?

Ms Briggs—I do not think so, arising from the first meeting, no.

Senator O'BRIEN—Were there any directions or policy approaches discussed which related to AMSA at the meeting or meetings that you attended of this committee prior to the *Tampa* incident?

Ms Briggs—Prior to the *Tampa* incident? Not that I am aware, Senator, no.

Senator Ian Macdonald—Is it not a fact that AMSA, or AusSAR, only become involved when there is a rescue situation in the wind? Until there is a sinking there is not a rescue.

Senator O'BRIEN—They do not have to sink to be rescued.

Senator Ian Macdonald—Not a sinking, but a ship in distress. I have no idea, but that would seem to be logical. Is that not right?

Ms Briggs—Yes.

Senator O'BRIEN—The task force, apart from Transport and Regional Services, at some point involving AMSA—which I take it was only, specifically for the *Tampa* issue—has continued to this date. I think that is what you have already said.

Ms Briggs—Yes.

Senator O'BRIEN—Which departments or agencies have been or are now on this task force?

Ms Briggs—Apart from our own and the Department of the Prime Minister and Cabinet, the Department of Immigration and Multicultural and Indigenous Affairs, the Department of Foreign Affairs and Trade, the Department of Defence, the Department of the Attorney-General, the Australian Federal Police, Coastwatch and the Australian Customs Service.

Senator O'BRIEN—Were all of those departments on the task force at the start, or when you first went there?

Ms Briggs—I am not sure. To get actual representation at each of those meetings I would need to check with the Department of the Prime Minister and Cabinet, which kept records of those meetings. Other departments were coopted as things went along, in the same way that AMSA was coopted, but then they did not attend when they did not need to attend.

Senator O'BRIEN—Do you know when you attended task force meetings, Mr Davidson?

Mr Davidson—I would have to look at my records to give you the dates.

Senator O'BRIEN—Do you know whether you attended task force meetings before the *Tampa* picked up the refugees from the disabled vessel?

Mr Davidson—No, I did not attend prior to the *Tampa* event.

Senator O'BRIEN—Were you communicated with, via Ms Briggs or anyone else, with regard to directions about that vessel prior to the Saturday that you describe as the day the *Tampa* picked up the refugees?

Mr Davidson—No, I was not. It was a Sunday when the actual rescue took place.

Senator O'BRIEN—So when, in relation to that date, were you first asked to participate in the committee?

Mr Davidson—At that stage we were talking with the *Tampa*, there were Immigration, we were talking to our people in the RCC—rescue coordination centre—and on subsequent events to that we became involved in the task force briefly.

Senator O'BRIEN—Subsequent events to that. So how did you become involved? Did Ms Briggs ask you to come, or were you contacted by the Prime Minister's office?

Mr Davidson—I was asked to attend by the secretariat to the task force—the Department of the Prime Minister and Cabinet.

Senator O'BRIEN—How long did you participate? I think you have given us a general idea.

Mr Davidson—A relatively short time.

Senator O'BRIEN—How many meetings?

Mr Davidson—Half a dozen at the most, I think, but I need to check my notes.

Senator O'BRIEN—How frequent were these meetings?

Ms Briggs—At times they were very frequent, Senator. It was a very fast moving situation.

Senator O'BRIEN—So some days there would be more than one meeting, I take it.

Ms Briggs—Yes.

Senator O'BRIEN—Would there have been a meeting every day during that crisis?

Ms Briggs—I think there might have been, Senator, but I will check that with the Department of the Prime Minister and Cabinet.

Senator O'BRIEN—Did this committee direct AMSA in any way in the performance of its duties following your joining that task force, Mr Davidson?

Mr Davidson—There were discussions around clarifying protocols and roles in relation to coordination with the Indonesian search and rescue agency—

Senator O'BRIEN—Yes. At the direction of the task force?

Mr Davidson—There was clearly a need out of the manner in which the search and rescue had been conducted for that to be improved. We had attempted to make contact with BASARNAS when we were first advised that the vessel with the unauthorised arrivals was dead in the water on the Saturday. When we called the Indonesian search and rescue agency there was nobody that competently spoke English to talk to. We arranged for other forms of communication directly through the defence attache in Indonesia. So there was clearly a strengthening of communications required there.

Senator O'BRIEN—Up to the point where you began participating in the task force, you had gone through what was a normal procedure in these circumstances, I take it. You became aware of a call for help, SOS, however you describe it; attempted to make contact with the responsible Indonesian authority; and caused broadcasts to shipping and aviation about this situation to be disseminated. That was all normal?

Mr Davidson—That was all completely normal, yes.

Senator O'BRIEN—And you picked up the information from the *Tampa* that they had picked up the occupants of the vessel?

Mr Davidson—We were advised of that by the search and rescue agency for Norway. The Norwegian rescue coordination centre actually contacted us—

Senator O'BRIEN—So *Tampa* communicated with them—

Mr Davidson—Yes.

Senator O'BRIEN—and let them know. Had you previously communicated with the Norwegian authority?

Mr Davidson—No.

Senator O'BRIEN—So *Tampa* asked them to tell you?

Mr Davidson—That is correct. It would be quite normal procedure for a vessel which is a Norwegian flag vessel to advise its own rescue coordination centre that they had participated in a rescue in that fashion, and they responded.

Senator O'BRIEN—And did you have further communication with the Norwegian authority?

Mr Davidson—Not from my recollection or records. Certainly from then on any material sent to the *Tampa* or Indonesia's rescue coordination centre, or any of the other parties in the process, would have been copied automatically to the Norwegian rescue coordination centre.

Senator O'BRIEN—And the next contact with the *Tampa* was at your initiation?

Mr Davidson—As I understand it, after the vessel had participated in the picking up of the distressed persons, the next contact I think was at our initiation, yes. I think that would have been essentially the first contact we would have made directly with them.

Senator O'BRIEN—And that was because you were asked to do so by DIMA?

Mr Davidson—That is correct.

Senator O'BRIEN—Are all the communications the subject of tape recording?

Mr Davidson—Generally speaking, yes.

Senator O'BRIEN—Have they been transcribed?

Mr Davidson—I think some of them have been.

Senator O'BRIEN—Only some of them?

Mr Davidson—I would need to check, but I think most of them have been—some or most.

Senator O'BRIEN—So conversation that you had with the Norwegian authority would have been transcribed. I assume it was you—

Mr Davidson—I assume it would be, yes.

Senator O'BRIEN—And conversation other officers have had with the *Tampa* would be transcribed?

Mr Davidson—Yes, they would be.

Senator O'BRIEN—And tape recordings are available. You have got a written transcript and the tape recording as well still, haven't you?

Mr Davidson—Yes.

Senator O'BRIEN—And conversations, one presumes from that point on, would be the subject of transcript and available tape recording, in relation to this *Tampa* incident?

Mr Davidson—Not all the lines into the rescue coordination centre are monitored, so we would not guarantee that we had captured all of them. But for the ones where there are conversations in relation to a search and rescue, where information is being passed pertinent to a search or rescue situation, we do keep records of those for the purposes of ensuring that if an officer needs to go back and review information passed—if it has been transcribed incorrectly at the time of the phone call and they need to go and check it—they have it available to them.

Senator O'BRIEN—What about conversations with DIMA? Would they be transcribed?

Mr Davidson—Some could well be. I am not sure. Not all would necessarily have been on recorded lines.

Senator O'BRIEN—Have you had call to look at what has been transcribed?

Mr Davidson—We have transcribed some of the key conversations that are important. Just exactly what we have got transcribed I cannot tell you right now, because I do not have that information in front of me.

Senator O'BRIEN—Was there any other contact with you, other than from DIMA, about the *Tampa* incident from members of the task force?

Mr Davidson—At what stage, Senator?

Senator O'BRIEN—During your participation in the task force, and particularly during the so-called *Tampa* crisis.

Mr Davidson—Yes, certainly.

Senator O'BRIEN—Did you have conversations with anyone from PM&C?

Mr Davidson—Yes. I spoke with Jane Halton and other members of the task force.

Senator O'BRIEN—Was that a regular line of communication?

Mr Davidson—It was a fast evolving situation and yes, we had conversations from time to time.

Senator O'BRIEN—We are talking about a period of about a week, aren't we?

Mr Davidson—I would say that from the time that the vessel picked up the people off the distressed vessel to the time that the *Tampa* entered Australian waters around Christmas Island on Wednesday, the 29th, that was the key period from AMSA's point of view. After that, quite clearly, there were other parties that were then directly involved with the vessel.

Senator O'BRIEN—Did you cease to participate in the task force from that time?

Mr Davidson—No, not at that time. I need to check my records as to precisely how much participation we had from then on.

Senator O'BRIEN—Apart from the *Tampa* issue, did the task force discuss other incidents involving illegal entrants, or refugees—call them what you will?

Ms Briggs—In other words, did the task force discuss subsequent boats?

Senator O'BRIEN—Yes.

Ms Briggs—Yes.

Senator O'BRIEN—So was the vessel which has been in the news recently, which ultimately sank, discussed at the task force?

Ms Briggs—Yes. I understand it was.

Senator O'BRIEN—Was material about that sinking circulated to task force members?

Ms Briggs—Not that I have seen.

Senator O'BRIEN—Mr Davidson, I take it that you were not on the task force when subsequent vessels were discussed.

Mr Davidson—That is correct.

Ms Briggs—Can I clarify my answer, Senator? Do you mean general material about the sinking of the boat?

Senator O'BRIEN—Yes.

Ms Briggs—My understanding is that the task force did discuss that.

Senator O'BRIEN—When did the task force discuss that? You may need to go to your records to check that. Your records will show that, will they?

Ms Briggs—Not necessarily. I certainly was not there on 7 October.

Senator O'BRIEN—Who would have been there then—Mr Mrdak?

Ms Briggs—Yes. Mr Mrdak was in attendance at that meeting.

Senator O'BRIEN—What was the line of communication between the department and Minister Anderson in relation to this matter? Was there a formal one? Did you have a direct reporting role to Minister Anderson?

Ms Briggs—No. We did not. We did not advise Minister Anderson about this issue at all.

Senator O'BRIEN—Was there any special reason for that? Were you asked not to, or told not to?

Ms Briggs—No, certainly not. The activities around this were really beyond the portfolio responsibilities. We typically advise our ministers on things that relate to our portfolio responsibilities, and this did not.

Senator O'BRIEN—Well, why were you there?

Ms Briggs—The task force has continued, and where there is a requirement for people to be put up on Christmas Island and Cocos (Keeling) Islands, or what have you, they engage us. Sometimes there is no requirement to do that, but at the same time there had been a number of boats coming through. This particular meeting, on the 7th, was talking about the provisioning of Cocos (Keeling) Islands associated with the boat arrivals—some of which we talked about earlier on, Senator.

Senator O'BRIEN—I am struggling a bit. You are on the committee for a purpose—because there is potential, at least, for this to impact on the responsibility of one of your ministers—but you are saying it does not concern your minister's portfolio so you are not reporting to him—if I understood you correctly.

Ms Briggs—We were not coordinating the provision of advice to ministers. We were in contact with our ministers when we needed to be about issues relating to Cocos (Keeling) Islands and Christmas Island.

Senator O'BRIEN—Was that an instruction from PM and C?

Ms Briggs—No. They did not instruct us in that regard that I can recall, at least.

Senator O'BRIEN—So it was your decision not to inform the minister.

Ms Briggs—It is consistent with normal practice that a portfolio advises its minister on matters in relationship to that portfolio.

Senator O'BRIEN—Mr Davidson's role was in relation to that portfolio. Was there communication to the minister about that?

Ms Briggs—I would need to check that. I do not know.

Senator Ian Macdonald—I doubt it. There were occasional reports to me, as territories minister, where it involved Christmas Island. That was our only involvement.

Senator O'BRIEN—Who reported to you?

Senator Ian Macdonald—Mr Mrdak certainly did on occasion. I think he was the only one. But this department's only role in this was whether we had somewhere to put them, whether we had water going to the place, whether we had sewerage, whether we had food on the island if people came ashore.

Senator O'BRIEN—You have search and rescue; you have communication with the vessel.

Senator Ian Macdonald—Search and rescue might have sent reports to Mr Anderson, who is the relevant minister there, but I cannot speak for him. As I understand it, we were involved with a boat in distress. I would assume that once the *Tampa* came along the boat was not in distress.

Senator O'BRIEN—Mr Davidson was kept on the panel until the vessel entered Australian waters. That is what we have just been told. The boat was not in distress; it was gone.

Senator Ian Macdonald—I can't comment on that.

Senator O'BRIEN—I beg your pardon?

Senator Ian Macdonald—I can't comment on that.

Senator O'BRIEN—You were making some commentary.

Senator Ian Macdonald—I was telling you what our role was and that there were some reports to me in relation to what we might and might not need to do on Christmas Island if people came on.

Senator O'BRIEN—Mr Davidson, you were kept as a means of contact with the captain, were you?

Mr Davidson—We were communicating with the vessel, through the RCC, to the vessel's communications system, principally by fax.

Senator O'BRIEN—So it was written communication. Did the vessel communicate that in any form it was seeking assistance, while AMSA was responsible for communications?

Mr Davidson—In relation to assistance in—

Senator O'BRIEN—Assistance from the Australian authorities in any respect.

Mr Davidson—They did advise of a medical situation on board.

Senator O'BRIEN—That was after the 29th, wasn't it?

Mr Davidson—That was after they had picked up the people. On the Monday, they advised that they had a number of people who were suffering from complaints and they asked for medical advice.

Senator O'BRIEN—So the request for medical advice was the only request for assistance we received from *Tampa*?

Mr Davidson—From my records, that is all we got from them, yes.

Senator O'BRIEN—In terms of communications that you or other officers from AMSA had with the vessel—I am assuming it was AMSA officers and not some other officers who were co-located for the purpose of communication—all of those will be recorded. They are either written or taped and transcribed; is that a fair comment?

Mr Davidson—That is a fair comment, yes.

Senator O'BRIEN—Were there officers from other agencies, departments or authorities who participated in the communication process through AMSA?

Mr Davidson—Through AMSA, no.

Senator O'BRIEN—So there was no-one overseeing what you did or what your officers did in relation to communicating with *Tampa*?

Mr Davidson—Subsequent to events after the rescue, there were communications with the *Tampa* which were what I would characterise as a whole of government communication to the vessel and its master.

Senator O'BRIEN—Can you explain what you mean by 'whole of government'?

Mr Davidson—The vessel was advised that it should not enter Australian territorial waters.

Senator O'BRIEN—Through AMSA's facilities?

Mr Davidson—Yes.

Senator O'BRIEN—Was it AMSA officers who did that or was it someone else who came in and used your facilities?

Mr Davidson—It was in discussion with other people, and the nature of the communications was then transmitted through the rescue coordination centre.

Senator O'BRIEN—So AMSA did it at the direction of government?

Mr Davidson—Yes.

Senator O'BRIEN—Your obligations under the Australian Maritime Safety Authority Act, Mr Davidson, were to provide a search and rescue service and to perform functions incidental to any other functions described under that act. That is what you are authorised to do under the law?

Mr Davidson—That is correct.

Senator O'BRIEN—According to the act, it says:

The authority must perform its functions in a manner consistent with the obligations of Australia under any agreement between Australia and another country.

In 2.1.8, the International Convention on Maritime Search and Rescue says:

Parties should arrange that their search and rescue services are able to give prompt response to distress calls.

2.1.10 reads:

Parties shall ensure that assistance be provided to any person in distress at sea. They shall do so regardless of the nationality or status of such a person or the circumstances in which that person is found.

That is what the convention says, doesn't it?

Mr Davidson—I believe that is accurate, yes.

Senator O'BRIEN—So what you were doing in the process leading up to assisting the people on the vessel that were picked up by *Tampa* was entirely consistent with our obligations under the law?

Mr Davidson—Yes.

Senator O'BRIEN—What is the relevance of the location of the vessel? Is it the case that if another country will not respond we are obliged to respond?

Mr Davidson—The convention puts in place arrangements that first require parties to the convention to put in place an appropriate mechanism to handle search and rescue. Australia's response to that is to establish AusSAR. Similarly, Indonesia has established BASARNAS. I am not sure whether they are in fact a signatory to the convention but, nonetheless, they have established and agreed to manage what is called the Indonesian search and rescue region.

In agreeing with the International Maritime Organisation that you will take responsibility for a particular search area, you undertake to have certain things in place. At the same time, the convention recognises that an event may become known to a rescue coordination centre which does not have responsibility for where the event actually is. There is a range of reasons for that, not the least of which is that some distress situations get transmitted on HF voice and can go halfway around the world before somebody actually picks them up and so forth. In that event, the rescue coordination centre that first gets notification of a distress situation should immediately contact the responsible RCC and take what action it can at that time to get a search and rescue under way. It was on that basis that we contacted the Indonesians and we issued a distress broadcast at the same time.

Senator O'BRIEN—I was reminded that in about 1994 the *Achille Lauro* was sinking off Somalia and the search and rescue effort was conducted by Norway, so it is certainly not uncommon for action outside of your area of responsibility and it is not uncommon for it to happen or for authorities around the world to pick up responsibility.

Mr Davidson—That is correct, Senator. In fact, the French operating out of New Caledonia have undertaken a number of search and rescues inside the Australian region because they happened to be approximate to it and they were better placed at the time to do it.

Senator O'BRIEN—Am I correct in saying that the *Tampa* had an obligation to rescue the refugees by virtue of the convention on the law of the sea, article 98?

Mr Davidson—I am not sure about the particular reference that you are referring to but they are certainly obliged, under SOLAS and a number of other international obligations, to respond to a distress situation, yes.

Senator O'BRIEN—Regulation 10 of SOLAS reads:

A master of a ship at sea, on receiving a signal from any source that a ship or aircraft or survival craft thereof is in distress, is bound to proceed with all speed to the assistance of the persons in distress, informing them, if possible, that he is doing so.

Senator Ian Macdonald—Did other ships or did anyone else respond?

Mr Davidson—Yes, they did.

Senator O'BRIEN—AMSA was doing what it was obliged to do and so was *Tampa*.

Mr Davidson—That is correct.

Senator O'BRIEN—In relation to the decision as to where a vessel will proceed to after such a rescue, whose decision is that?

Mr Davidson—That generally is a matter that would be agreed between the responsible search and rescue centre and the master of the vessel. Custom and practice is that the master would assess the situation and would proceed on his voyage and deliver the rescued people to a convenient place.

Senator O'BRIEN—But it would be the master's call.

Mr Davidson—That is correct.

Senator O'BRIEN—Have there been occasions previously when a country has overridden a master's decision as to where he landed people picked up in distressed circumstances?

Mr Davidson—Yes, I believe there have been.

Senator O'BRIEN—When were they?

Mr Davidson—During the Vietnamese refugee crisis period when a large number of Vietnamese boat people set out, there was a major problem in the Malacca Straits area in the China seas involving distressed boats where people were rescued and when the vessel went to the next port of call they were refused entry of the distressed people.

Senator O'BRIEN—What were the ports?

Mr Davidson—There was a whole range of ports that they attempted to enter. There were not vast numbers at that time; I think we are talking about 10s and 20s.

Senator O'BRIEN—What are our obligations if we become aware that a vessel is not seaworthy and it is in Australian waters? Does AMSA have a responsibility in those circumstances?

Mr Davidson—If we become aware that it is not seaworthy and we deem that it requires some action on our part we would investigate it potentially and assess what the situation was. In an extreme situation, we would detain an unseaworthy vessel. It depends on the nature of the unseaworthiness.

Senator O'BRIEN—If there is a vessel with people on it, which is apparently not going to remain on top of the water for very long, do we have obligations in those circumstances?

Mr Davidson—If the vessel was in danger of sinking and the master of the vessel refused to acknowledge that that was the situation, we would not be able to do very much unless it was inside an Australian port. We do not have rights to intervene on the high seas in the case of a vessel that we determined to be unseaworthy.

Senator O'BRIEN—So we would have to wait until the vessel sank before we would have a right to intervene—assuming the captain was not seeking assistance?

Mr Davidson—This is hypothetical, Senator?

Senator O'BRIEN—Of course it is.

Mr Davidson—Hypothetically, yes.

Senator O'BRIEN—Ms Briggs, at any time during task force meetings was the issue of children not being thrown overboard discussed?

Ms Briggs—Not in the meetings that I attended. I can only speak for those meetings, obviously.

Senator O'BRIEN—Certainly. I wonder if you would take that on notice and see if you can inquire of Mr Mrdak. Dr Feeney is here. I imagine that he would intervene at this point if he was present at a meeting where that issue was discussed.

Ms Briggs—I have already raised this issue with Mr Mrdak. He says, similarly, that it was not raised in the meetings that he attended. Dr Feeney advises me that it was not raised in the meetings that he attended.

Senator O'BRIEN—Thank you for that. Mr Davidson, can you confirm that AMSA is in the process of drafting new protocols that require merchant ships to seek the approval of the Navy before responding to calls for help from refugee boats?

Mr Davidson—I think Dr Feeney would be better placed to answer that.

Dr Feeney—The department has been charged with having discussions with AMSA and with the shipping industry about the need, or the requirement, to establish protocols in relation to any future situation. I chaired a meeting in Melbourne on 7 February with AMSA, Shipping Australia and the Australian Shipowners Association where we discussed these issues. It was decided that a protocol was required. That protocol had its final drafting this week and it is now out with those representatives of industry and with AMSA, as well as with two organisations that could not attend the meeting in Melbourne—the Association of Australian Ports and Marine Authorities, and the Australian Petroleum Production and Exploration Association, the offshore sector—for any comment. When those comments come back, that paper will be finalised.

Senator O'BRIEN—Can the committee be supplied with a copy of the draft?

Dr Feeney—When the document is finalised. The purpose of it is to put it out for public awareness.

Senator O'BRIEN—But it is in the public domain effectively now, isn't it?

Dr Feeney—The document is in draft at the moment, and until it is finalised—

Senator O'BRIEN—I am asking for a copy of the draft, understanding that it is already effectively in the public domain if it is being circulated.

Dr Feeney—It has been circulated in-confidence to industry, but I will take that on notice.

Senator O'BRIEN—You describe it as a protocol. Will it be an enforceable protocol or a voluntary code? What is intended?

Dr Feeney—It will be a protocol about what arrangements should be in place to address industry's concerns about uncertainty about who to talk to. It is really to address those concerns; it is not from any legislative or regulatory point of view.

Senator O'BRIEN—What regard has it had to our international obligations in preparing the draft?

Dr Feeney—A fundamental part of the protocol will be that our international obligations will not be compromised. This will in no way affect the meeting of our obligations.

Senator O'BRIEN—This code will put no impediments in the way of a vessel attending to another vessel in distress, for example.

Dr Feeney—No. In particular, the protocol will be a post-rescue protocol. There is no suggestion that any particular mechanism needs to be put in place pre rescue. The rescue arrangements are determined by a number of conventions, and there is no intention at all to change that.

Senator O'BRIEN—In terms of post-rescue actions, will AMSA play a continuing communication role or is it intended in this protocol that AMSA will play a continuing communication role post rescue?

Dr Feeney—I suppose we are getting into the details of what that draft might provide. But, as Mr Davidson has indicated, they have a communications facility for communicating with

vessels on the high seas. Clearly, that would be a central part of it, but the extent of it is still subject to that draft.

Senator O'BRIEN—I would appreciate it if we could see a copy of the draft. You say that it has been circulated to industry parties; I think if it can be circulated to industry parties, it should be available to the Senate.

Senator Ian Macdonald—The officer said that he would take it on notice and see what the status is.

Senator O'BRIEN—Mr Davidson, did AMSA have any role, receive any information or provide any assistance or advice in relation to the refugee boat that sank on 19 October last year?

Mr Davidson—Not that I know of.

Senator O'BRIEN—Can you check that and advise us?

Mr Davidson—I will check that.

Senator O'BRIEN—I want to know whether you received any distress information or calls, or had any knowledge of the boat being in difficulty and what response, if any, AMSA took. In relation to another matter—the *Margaret J* coronial inquest—who represented the interests of AMSA-AusSAR at that inquest?

Mr Davidson—We had a law firm engaged and we had a barrister engaged—it was coronial.

Senator O'BRIEN—The hearings were in Burnie, Tasmania. Did an officer of AMSA attend any, some or all of those hearings?

Mr Davidson—We had AMSA officers present for most, but not all, of the time.

Senator O'BRIEN—How many officers?

Mr Davidson—From day to day it depended—seven AMSA officers were subpoenaed to appear before the coroner. We probably had four or five on some days; at other times—

Senator O'BRIEN—They would have been there for only a day or so, wouldn't they?

Mr Davidson—Yes.

Senator O'BRIEN—Was someone there looking after AMSA's interests, as it were, rather than to give evidence?

Mr Davidson—I would characterise it that we were there assisting the coroner in the conduct of his inquiry.

Senator O'BRIEN—I thought you would. If I can go back to my original question, apart from witnesses, how many AMSA officers were present and how often?

Mr Davidson—Do you want a day by day report on that?

Senator O'BRIEN—If you can give it to me—

Mr Davidson—Typically, we had one AMSA officer there. The lawyers were present for most of the duration, if not all, and at times we would have had—depending on who was subpoenaed and expected to appear—upwards of four or five.

Senator O'BRIEN—What was the cost of having an AMSA officer present during the coronial inquest which went for—was it two or three weeks?

Mr Davidson—Six weeks, I believe, in total. I do not have that.

Senator O'BRIEN—Could you get us that information, please?

Mr Davidson—Yes.

Senator Ian Macdonald—A fraction of what it would have cost to have the lawyers there.

Senator O'BRIEN—I was coming to that but thank you for your assistance, Minister. I wanted to find out what the legal bills were. Have you received any accounts from the legal representatives?

Mr Davidson—Yes, we have.

Senator O'BRIEN—So you had counsel and you had a solicitor, or solicitors?

Mr Davidson—A solicitor was present, as well.

Senator O'BRIEN—What legal costs have been incurred to date in relation to representing AMSA-AusSAR at the *Margaret J* coronial inquest?

Mr Davidson—Of the order of \$397,000.

Senator O'BRIEN—That is counsel representing and solicitors instructing and meetings prior to—

Mr Davidson—Yes—preparation of affidavits for seven officers; preparation of material for the inquiry.

Senator O'BRIEN—In assisting the inquiry, what arguments have your counsel advanced in relation to presentation of evidence and material? As I understand it, there has been quite some argument about the directions the coroner should take and the regard that the coroner should have to particular evidence—and, not unnaturally, that counsel is seeking to have findings reflect AMSA's best interests.

Mr Davidson—Quite clearly we are seeking for the coronial process to be fully transparent to uncover all of the matters associated with the particular tragedy and, in the course of that process, we formed a view and made closing submissions to the coroner in relation to a number of things that we felt were important for him to consider.

Senator O'BRIEN—Did your counsel initiate procedural argument during the coronial inquest about the conduct of the inquest?

Mr Davidson—Not to my recollection. I believe not.

Senator O'BRIEN—It happened at a time when not too many of us were focused on the inquest, I can assure you. Has AMSA had an opportunity to review the transcripts of conversations between AMSA officers and the Tasmanian police?

Mr Davidson—Yes, we have.

Senator O'BRIEN—Are there any aspects of those conversations, particularly as to the role of AMSA, which cause you concern, Mr Davidson?

Mr Davidson—Yes. In my affidavits I have made mention of those.

Senator O'BRIEN—What are they?

Mr Davidson—There is concern on two principal fronts: firstly, the overall professionalism with which the conversations take place and the sense of seriousness and concern that needs to be engendered around any search and rescue event; and, secondly, the

issue associated with the apparent lack of clear understanding surrounding the protocols and the arrangements between the state agency and us, in relation to coordination and handover procedures.

We are also concerned about the accuracy of contemporaneous notes that are taken at the time a telephone call is being conducted because they are the principal record that is relied upon for the subsequent conduct of the search and so on. The transcripts themselves rarely get listened to during the course of an event, unless there is a clear concern about whether the information has been transcribed incorrectly or whether there has been information that could not be gleaned from the conversation as it broke off because of an emergency situation. The contemporaneous notes have to be accurate, they have to be precise and they have to be able to be relied upon.

Senator Ian Macdonald—What is the state of the inquest? Has it finished?

Mr Davidson—It has completed taking evidence but it has not yet brought down its report. The coroner has not issued his report yet.

Senator Ian Macdonald—Thanks.

Senator O'BRIEN—So what you have just said to the committee, Mr Davidson, was the subject of part of an affidavit?

Mr Davidson—It was, yes.

Senator O'BRIEN—What procedures, training or other steps have you taken regarding your concerns?

Mr Davidson—At this stage, we have indicated to officers that they need to enhance the quality of their arrangements in relation to the transfer coordination. That has been brought to everyone's attention and they are now very acutely aware of what that all means. We are looking at whether there should be enhanced training both in terms of the manner in which conversations are conducted and in terms of what is the best way to conduct that, if the lessons of previous transcripts do not get followed through.

Senator O'BRIEN—What would the cost to AMSA have been of commencing an aerial search of the relevant parts of Bass Strait?

Mr Davidson—That is completely hypothetical and in the absence—

Senator O'BRIEN—It is, but the \$397,000 that has been spent on legal fees, which is without taking into account other resources that have been applied to this coronial inquest, is not hypothetical, so I just wanted to see if we could balance that against what an aerial search might have cost, which might have obviated these costs.

Mr Davidson—I have no idea, Senator. It would be completely speculative.

Senator O'BRIEN—You do not have any idea of what it would cost to engage aircraft to participate in an AMSA coordinated—

Mr Davidson—It would depend on the type of aircraft that are engaged. Some of them cost many thousands of dollars per hour; others cost hundreds of dollars per hour. A hypothetical calculation would be contestable and you would come up with a range which, I suspect, would blanket the cost that we are talking about.

Senator O'BRIEN—The range would depend on how far the aircraft had to travel, wouldn't it? The more sophisticated aircraft would be capable of performing over longer distances, I suppose.

Mr Davidson—The situation would be completely hypothetical because at the time the aircraft which could undertake the search that was contemplated were simply not available. Therefore, to try and construct such a hypothetical situation would entail an awful lot of work for somebody—for what benefit, I am not sure, because any result that would be produced would immediately be contested and proven to be wrong.

Senator O'BRIEN—What was the cost of the aerial search which was being conducted for the lost aviator?

Mr Davidson—I do not have those records in front of me, but we can—

Senator O'BRIEN—There is a known cost—

Mr Davidson—There is a known cost.

Senator O'BRIEN—of searching in that area, at that time, with aircraft which were participating in another search immediately leading up to, if not overlapping, the period relevant to the *Margaret J's* loss.

Mr Davidson—That is correct, but the number of aircraft involved in that was probably a handful—five, three—and to have conducted a professional and appropriate search of Bass Strait in the circumstances would have required in the order of 100 aircraft.

Senator O'BRIEN—That is contestable, I think, but we can have that argument another time.

Mr Davidson—We could demonstrate that, Senator. There are assertions to the contrary—and those assertions, when tested, fell away.

Senator O'BRIEN—What was the cost of the search which commenced at the end of April or the beginning of May last year for the *Margaret J* which ascertained that the life raft had, in all probability, been launched?

Mr Davidson—I think there were about three or four aircraft tasked. They were simply flying along the beaches—they were doing a beach search—and I think it ran for merely a matter of hours before the life raft was discovered, so it would have been very economical.

Senator O'BRIEN—Can you get us that figure?

Mr Davidson—Yes. I certainly can.

Senator O'BRIEN—And the details of aircraft and time?

Mr Davidson—Yes.

Proceedings suspended from 6.28 p.m. to 7.32 p.m.

CHAIR—We are in continuation on AMSA. Before we start I understand Mr Yuile has some answers to questions that were put this morning by Senator O'Brien. Would you like to table those answers now?

Mr Yuile—Yes, Senator. One related to Senator O'Brien's question in relation to the Sustainable Regions Program and the socioeconomic index of Australia, which is called CEFA. He asked us for the scores of the various local areas that fell within those regions. I have that material.

The second relates to the staffing discussions we had and the figures which Ms Kava read out to the committee. We made the mistake of reading figures as at 1 January and did not have

the staffing figures as at today, which we have now got. It does show some variations, mainly because the HR system which we drew the figures from had not caught up with some of the transition and translation changes that have taken place since 1 January in settling the structure down. In the interests of clarity I need to table that. It shows both the actual staff numbers and the full-time equivalents that Senator O'Brien asked for.

CHAIR—Thank you very much for the efficiency of those responses. Now we are in continuation on AMSA.

Senator O'BRIEN—Was AMSA contacted regarding the vessel which has been publicly described as SIEV4 which sank on 8 October. Was AMSA contacted regarding that vessel?

Mr Davidson—There was no contact with AMSA in relation to that vessel.

Senator O'BRIEN—There was no contact?

Mr Davidson—No contact.

Senator O'BRIEN—With AMSA?

Mr Davidson—With AMSA.

Senator O'BRIEN—In relation to that vessel?

Mr Davidson—That is correct.

Senator O'BRIEN—That is pretty clear; nothing at all.

Mr Davidson—Nothing.

Senator O'BRIEN—From no-one at no time?

Mr Davidson—At no time.

Senator O'BRIEN—Ms Briggs, so we can get it clear: what was the reporting mechanism in place in relation to the task force?

Ms Briggs—Typically the arrangements have been that advice has been coordinated through that group. This department, as I indicated earlier, provides advice on an occasional basis to our own ministers about matters relating to the provisioning of Cocos (Keeling) Islands, Christmas Island and so on.

Senator O'BRIEN—Other than that this department had no reporting?

Ms Briggs—No, Senator.

Senator O'BRIEN—Are there any other reporting mechanisms?

Ms Briggs—I do not keep track of what other departments do in terms of advice to their ministers.

Senator O'BRIEN—Thank you for that. Sorry to keep you over dinner; I just wanted to be sure. I am ready to go to the Transport Programs Division.

[7.36 p.m.]

ACTING CHAIR (Senator Colbeck)—We turn now to the Transport Programs Division.

Senator BUCKLAND—We may well have forgotten my question by now. Prior to the Alice Springs to Darwin rail link project being financed and the money being signed off on, there were projections of the freight rates—that is, how much would be taken over the line—between Adelaide and Alice Springs. At the time that the documents were signed to finance the project, that had been somewhat reduced in capacity. I am just wondering if there have

project, that had been somewhat reduced in capacity. I am just wondering if there have been any changes since that time of the projected freight volumes.

Mr Owen—Senator, that is an aspect of the project that we have not been that close to, given that we are a grant provider. We are not involved with the economic or financial viability of the project, other than as a provider of grant funds. The company that is actually running the project is a private company that won a tender. It has had to meet a range of hurdles in terms of its revenue sources and demonstrating its sustainability. It demonstrated those to another entity that was established by the South Australian and Northern Territory governments only. There was no Commonwealth partner in that proposal. We are two or three steps away from that detail and we do not have that information.

Senator BUCKLAND—That other entity would be partners in rail, I assume.

Mr Owen—It was called the Australasia Railway Corporation.

Senator BUCKLAND—But to sign off on money and to give money, there would have been some discussion or you would have some knowledge of that. You would not be building that line if it was not going to be viable, so you must have some understanding of the projections.

Mr Owen—We do not have detailed understanding of projections. The Commonwealth's arrangement in relation to the project, as I said, was as a funds provider only. We have not been engaged in determining or making judgments about the ongoing viability of the railway.

Senator BUCKLAND—Are there any discussions going on with industry to ensure that they lock into transporting their goods on that line as they had indicated? I think at the time of sign-off it was only, 'We will use your railway line if you build it,' but there was no guarantee. Has there been any work done to secure freight users?

Mr Owen—I understand there has been a great deal of work done on that front, particularly by the consortium partners, the private partners, looking to obviously shore up their investment and make sure that the traffic is there. Again, we are not party to those essentially private sector negotiations.

Senator BUCKLAND—This last question may be difficult, judging from what you have said, but you may be able to help. The road transport industry in the Northern Territory has been a significant critic of the building of the line. I make no judgment either way on that; it is not my place to do so. Have there been any negotiations, through your department or others, to take some steps to calm the nerves of those that feel that they will be offended by the railway line being built—that is, the trucking industry and the road passenger industry to a lesser degree? Do you know of any discussions, negotiations or plans to deal with that matter?

Mr Owen—No, I do not know of any such discussions but, again, I would stress that I am aware that the consortium involved, as well as the various governments—the two governments particularly that were closest to it, South Australia and Northern Territory—

Senator BUCKLAND—I am not sure we have a South Australian government at present.

Mr Owen—The one that we were dealing with. Again, we are not party to those agreements but we were given to understand that there was a strong emphasis on addressing all of the issues in terms of the pre-existing trucking service and what role those people could play to augment the railway.

Senator BUCKLAND—I assume you would not have any idea at all whether or not there is some form of compensation for the road transport industry for any loss that they incur?

Mr Owen—No, I am not aware of that.

Senator BUCKLAND—I will just leave it there, in that case. Part of the agreement for the building of the Alice Springs to Darwin line was that there would be certain undertakings in relation to the employment of local labour—and I do not know if you can really say South Australia is local labour—that is, using South Australian and Northern Territory labour. Do you know what the breakdown of labour currently is on the project: how much is classed local—that is, from South Australia and Northern Territory—and how much is foreign labour—that is, from Queensland or other states?

Mr Owen—No, I do not. We do not have access to that information. It is not in the nature of the engagement we have with the governments who we provided the funding through.

Senator BUCKLAND—When you began tonight you said you were to deal with the groundwork. I assume that is the actual construction of the rail line.

Mr Owen—Yes. There is a deed of grant in place between the Commonwealth and the Northern Territory government and then through them to the Northern Territory-South Australian company that was set up to facilitate the project. It is in that agreement that the Commonwealth sets out its expectations about having the railway constructed. There are also various milestones—physical progress milestones—set out in that deed.

Senator BUCKLAND—The Commonwealth sets out expectations, which it did, and one of those expectations would be that there would be local labour used. Surely then the Commonwealth department which is overseeing this must have some record to ensure that there is compliance with those undertakings.

Mr Owen—Certainly. The undertakings are in the form of that deed of grant to provide the money and they go to the physical construction of the track, with the assumption that there will be broader economic development and opportunities. Those opportunities were very finely considered by the state governments, which were more directly involved in the project, rather than by us. They were certainly benefits that we considered in terms of supporting the project, but the detail of what was required at the state level was certainly a matter for the states.

Senator BUCKLAND—It was Commonwealth money and the Commonwealth had expectations, yet you are saying that there is no need for anyone to report back to you on whether those expectations have been reached?

Mr Owen—I am saying that the expectations of the Commonwealth were in relation to the construction of the railway more than the detail of the related economic benefits of the project. Those were aspects of the project which were more firmly in the focus and in the purview to influence of the state and the Northern Territory.

Senator BUCKLAND—Mr Owen, would your department be able to get the figures that I am requesting?

Mr Owen—I am not sure. We could certainly request them of the Northern Territory department of transport, but we have no contractual right to get regular reporting on those things. But certainly we could pursue that.

Senator BUCKLAND—Would you take that on notice as it is something that I think we are entitled to know. I am certainly surprised that there is not more monitoring of those requirements. There was also a requirement or expectation, as I understand it, by the federal government on the allocation of funds to the project that employees who were engaged to

work on that rail line would obtain quite significant training so that their opportunity to contribute to the work force in the future would be greater and their skills would be enhanced. Do you have a record of how much has been spent and what the projections for spending on training are?

Mr Owen—Senator, I do not. Again, it is not part of the formal arrangement we have with the Northern Territory government and that entity. What we have had reference to is the fact that that very strong interest was being pursued, and we would have an expectation that would be in the agreements between the Northern Territory and South Australia and the successful consortium.

Senator BUCKLAND—It is a little bit more than that because the community was told that these things would be delivered as part of some groups signing up or giving commitments to the project. I will ask you again to take that on notice and see if we can get some response. At the same time, could you indicate the number of indigenous people who have been taken on by the various contractors. That also was an undertaking.

Mr Owen—Okay.

Senator BUCKLAND—This is an area you might be more familiar with. There has been talk for some time certainly in Port Augusta at least and I understand in the Territory—I am reluctant to name the centres because I will probably be wrong—that there were commitments that there would be intermodal facilities built in various centres. I certainly am familiar with the one for Port Augusta and where it is to be sited et cetera. Do you know how much money has been set aside through this project for the construction and development of the intermodal centres?

Mr Owen—No, I do not, Senator. Certainly we could pursue that information for you as well.

Senator BUCKLAND—Are you aware of any requests by any regions for funds to build the intermodal units?

Mr Owen—No, I am not aware of that. I must caveat my comments a little by saying that since 1 January I have been doing a little bit of other work, but certainly my awareness of this project is still very current. But I am not aware of that.

Senator BUCKLAND—I understand there is quite a bit of money left in the fund for the rail reform program and I also understand that applications have been made for money out of that fund for things like intermodal facilities and other related facilities along the line. Do you have a list of those applications?

Ms Meakins—Senator, are you referring to the Rail Reform Transition Program which was looking at employment?

Senator BUCKLAND—Yes.

Ms Meakins—That is handled by the regional part of our department who appeared earlier today. I do not have any information on that program with me.

Senator Ian Macdonald—Is that the \$20 million program?

Senator BUCKLAND—I thought it was more than \$20 million, Minister.

Senator Ian Macdonald—That is now four or five years old. It is not part of these estimates.

Senator BUCKLAND—I understood the money could still be used for that. I am aware of one application at least for funds from that. I think there was an application for \$2½ million or \$3 million to assist with the Port Augusta intermodal facility. That is why I am asking.

Senator Ian Macdonald—I used to handle that. To the best of my recollection, it is all but spent. I think your question was can you get details of that.

Senator BUCKLAND—Yes.

Senator Ian Macdonald—Why don't we ask the regional services area to give you a list?

Senator BUCKLAND—I would certainly appreciate it if we could get that, because if there is no money there, it certainly strikes me as odd that people are still making application for it. As late as this morning, they were still convinced the money was there.

Senator Ian Macdonald—Unless it is a different program. There was some spent in the Upper Spencer Gulf and some spent in Adelaide. As I recall, it was a \$20 million program. A couple of the grants were not taken up, so perhaps there has been a recall since I have left the ministry to spend money that was not taken up. But, anyway, we will get you the details.

Senator BUCKLAND—I will leave it there because it is very clear that the people at the table cannot answer the questions I am addressing to them. I apologise for that, although I am very surprised that I cannot get those questions answered.

Senator Ian Macdonald—You should not be surprised, Senator. It is a different area of the department.

Senator BUCKLAND—I certainly understand about the money we were talking about before. That was this morning; I appreciate that.

CHAIR—Senator Buckland, would you like to put the questions on notice and perhaps Ms Briggs could undertake to put them to the relevant section of the department.

Ms Briggs—I am happy to do that, Senator.

Senator BUCKLAND—Yes, I will take that opportunity, Madam Chair.

CHAIR—That may be of assistance to you.

Senator BUCKLAND—It might be a way of addressing it.

Senator O'BRIEN—In relation to the Scoresby Freeway, the minister issued a media release on 15 February stating:

“Today's approval of \$45 million will ensure that all the land necessary to build the freeway is acquired as a first step towards construction” ...

Does this mean that the federal government will contribute half the cost of land acquisition for the Scoresby corridor?

Mr Hrast—Senator, there is an MOU in place with Victoria on the Scoresby Freeway which says the federal government will contribute half the construction cost of the Scoresby Freeway and land acquisition costs will be included in the construction costs after the date of the MOU. So land that was brought before the MOU is not covered.

Senator O'BRIEN—So any land that was acquired before does not come into the calculation.

Mr Hrast—That is correct.

Senator O'BRIEN—But any land afterwards is deemed construction costs and the Commonwealth pays half.

Mr Hrast—That is correct.

Senator O'BRIEN—Is that normal practice for projects of this nature?

Mr Hrast—Normally for national highways the full cost of land acquisition is included in the cost of the project.

Senator O'BRIEN—This isn't a national highway?

Mr Hrast—No. On roads of national importance, which is Scoresby, the actual arrangements are negotiated on a case by case basis.

Senator O'BRIEN—Which RONIs have similar provisions?

Mr Hrast—I think this is the first of the RONIs where we have negotiated a difference in the land acquisition arrangements.

Senator O'BRIEN—This sets the precedent, in other words?

Mr Hrast—That is correct, Senator.

Senator O'BRIEN—I note reference in the press release to the Victorian government examining various options for funding its component of the Scoresby Freeway. Is the federal government involved in that process?

Mr Hrast—Senator, there is a working group from the Victorian government preparing a business case for the Victorian share of the funding, and the Commonwealth is represented on that working group.

Senator O'BRIEN—Does the federal government have any role or veto over options for financing the Scoresby Freeway?

Mr Hrast—The Commonwealth role is set out in the MOU. I guess the position there is that the MOU says there will be no direct tolls.

Senator O'BRIEN—What is an indirect toll?

Mr Hrast—An indirect toll would in our terminology be a shadow toll. The arrangement there would be that, rather than the private motorist paying a toll, the government pays the toll on behalf of the motorist. The arrangement there would be a private sector company would fund, build and operate a road, and rather than collecting the toll from the motorists at a tollgate, they would simply count the vehicles and there would be some sort of arrangement for the government to pay. It could be on the number of vehicles or on the lane availability—there are a number of different mechanisms that could operate.

Senator O'BRIEN—On another matter, is the department aware of complaints by the Bungaree rural fire brigade about access to the Western Freeway? They are saying they have difficulty in accessing the freeway and it is compromising their ability to attend incidents on the freeway.

Mr Hrast—Yes, Senator, we are aware of that.

Senator O'BRIEN—Has any planning work been conducted on this project?

Mr Hrast—Not to date that I am aware of at the federal level. VicRoads may have done some work that I am not aware of.

Senator O'BRIEN—Do you know what the cost of constructing ramps from the Western Freeway to the Bungaree-Creswick road would be?

Mr Hrast—No, I do not have an estimate, Senator.

Senator O'BRIEN—In relation to the Hume Highway upgrade at Albury-Wodonga, the *Border Mail* last Friday reported on a meeting between members of the Albury-Wodonga Working Together Group and senior department of transport staff. Who on behalf of the department attended this meeting?

Mr Cory—Senator, I was present at that meeting.

Senator O'BRIEN—And are there minutes which you have kept of the meeting?

Mr Cory—There was a record made of that meeting.

Senator O'BRIEN—It was a fairly public meeting, wasn't it? There was a pretty broad range of representation there?

Mr Cory—Senator, there was a range of groups present at that meeting.

Senator O'BRIEN—By invitation?

Mr Cory—Senator, I attended the meeting at the request of the minister's office. I could not say what arrangements led to the meeting.

Senator O'BRIEN—The article says that the meeting focused on two major issues, and I would like to know what view the department had on each of these reported issues. The first issue reported in the article was:

... the meeting had determined that planning for the road should include staff from the engineering sections of both the Wodonga and Albury councils working with the RTA and VicRoads.

Does the department have a view about the local government engineers being available?

Mr Cory—Senator, at this stage that road would be possibly a local road under the control of the two councils, in which case I think it would probably be a normal situation for those councils to be involved in the planning of it.

Senator O'BRIEN—So the road that was under discussion will not be a nationally funded road?

Mr Cory—That is not the case, Senator. The Commonwealth has offered funds for the road under the RONI program. That does not bear directly on the status of the road as to the arrangements between the state road agencies and the councils.

Senator O'BRIEN—Did this meeting purport to be a determinative meeting about what should happen?

Mr Cory—I would not like to comment on what the meeting purported to do. It was a discussion of options and possibilities as to how to move forward.

Senator O'BRIEN—You were present at this meeting as the department official and there were local politicians, as I understand it?

Mr Cory—The two federal members in that area were present, Senator.

Senator O'BRIEN—Who are they?

Mr Cory—The member for Indi and the member for Farrer.

Senator Ian Macdonald—Ms Panopoulos and Ms Ley, two Liberal ladies.

Senator O'BRIEN—And the community activists and local government officials were also reported to be in attendance, so it was a fairly well attended meeting.

Mr Cory—Senator, it was a meeting of the Working Together Group with the local members.

Senator O'BRIEN—The *Border Mail* article quotes the Working Together Group's Chairman, Mr Smith, referring to the internal boulevard as saying:

When we know what it will look like we will be able to do a detailed costing ...

That indicates that the cost of the internal boulevard is yet to be determined. Is that a fair comment?

Mr Cory—Yes, Senator.

Senator O'BRIEN—I thought the minister had made an announcement about funding the project and the cost of the project.

Mr Cory—That is correct, Senator.

Senator O'BRIEN—So where did the minister's costing come from?

Mr Cory—Senator, if I can go back to the discussion on this at the previous Senate estimates, the exercise that the minister commissioned to cost of the Albury-Wodonga bypass, the internal bypass, determined it would be in the order of \$500 million. You will recall that a review was commissioned. Part of that review was the comparison of costs and benefits of both the internal freeway and an external bypass.

Also, because of the interest of the local community in a boulevard or a second river crossing, there was a notional internal relief route or boulevard that was adapted from a proposal put forward by the Save Our Cities group. That proposal was examined by the two road agencies. They made some adjustments to that to satisfy themselves that it was both a buildable and feasible solution from a traffic point of view.

It was the boulevard proposal that was costed. It was costed in four-lane form at I think \$145 million. That road, however, was a paper road. It had not really been subject to any public consultation. The council certainly had not given any imprimatur to it, and accordingly it had no real status as a road proposal. What Mr Smith was referring to there, I believe, was the process that will be necessary to move from that notional road to an actual road proposal that the community and the road agencies would wish to take forward and ultimately construct.

Senator O'BRIEN—The same *Border Mail* article of the meeting states:

... the other major focus of the meeting had been the necessity for his group and the Federal Government to convince the NSW Premier, Mr Bob Carr and his Government of the importance of the internal road project and their funding obligations.

Can you tell me what the department's role in that discussion was? Does the federal department have a view on the New South Wales government's role in this?

Mr Cory—I believe the minister is on record as advocating that the New South Wales government should contribute in the same way that the Victorian government has contributed to that project.

Senator O'BRIEN—That was the view you represented at the meeting, was it, Mr Cory?

Mr Cory—There were minister's office staff there to represent the minister's view.

Senator O'BRIEN—Who was there from the minister's office?

Mr Cory—Three of his advisers.

Senator O'BRIEN—Can you name them?

Ms Meakins—We will take that on notice, if we can, Senator.

Senator O'BRIEN—You know who they were. It is not a question of whether you know; you want to get advice on whether you should name them, is that the position?

Ms Meakins—Whether we name names, yes.

Mr Cory—That is correct, Senator.

Senator O'BRIEN—I want to ask some questions about the Stevedoring Industry Finance Committee and the wharfie asbestos actions. I understand that the government has appropriated an additional \$21.99 million for this financial year's budget to SIFC and that relates to the outcome of the Crimmins case. That is correct, isn't it?

Ms Petroff—That money has been appropriated for the general litigation case load the SIFC is experiencing, yes.

Senator O'BRIEN—In relation to the Crimmins case or generally?

Ms Petroff—No, it is post Crimmins. It is other cases.

Senator O'BRIEN—How much will that bring the total amount budgeted for SIFC to?

Ms Petroff—For this financial year?

Senator O'BRIEN—Yes.

Ms Meakins—For this financial year, funding for SIFC has been done under an arrangement with the minister for finance, so it is an Advance to the Minister for Finance. The amount that appears in the additional estimates statement is the amount used to date under that arrangement.

Senator O'BRIEN—Following the Crimmins case, I understand that the Commonwealth has opted to compensate victims rather than contest liability; is that correct?

Ms Meakins—Correct.

Senator O'BRIEN—And a committee has been established to settle the claims. I want to know who is on the committee and what qualifications and experience they have.

Ms Petroff—The committee's composition is governed by the Stevedoring Industry Finance Committee Act 1977 and it requires that there are four people on the committee: (1) an independent chair, Len Early; (2) a government representative, Trudi Meakins; (3) a representative nominated by employers, Andrew Burgess from P&O Ports; and (4) a representative nominated by employees, currently John Coombs.

Senator O'BRIEN—What is the background of the independent chair.

Ms Petroff—He is a one-time Deputy Secretary to the Department of Finance and Administration.

Senator O'BRIEN—Are members of this committee remunerated?

Ms Petroff—The chair is.

Senator O'BRIEN—How many claims has the Commonwealth received in relation to the asbestos matter?

Ms Petroff—SIFC has received 200 claims to date.

Senator O'BRIEN—Are they all being represented by Slater and Gordon?

Ms Petroff—No, some of them are represented by other plaintiff law firms.

Senator O'BRIEN—And who is providing legal advice to the committee?

Ms Petroff—Blake Dawson Waldron.

Senator O'BRIEN—Is that law firm funded by the department?

Ms Petroff—By SIFC.

Senator O'BRIEN—That is an ongoing cost which will obviously be the subject of future budgets?

Ms Petroff—Yes.

Senator O'BRIEN—Will all of those costs be covered by Advances to the Minister for Finance?

Ms Petroff—To date they have been.

Senator O'BRIEN—Do you know what the cost of legal advice to SIFC is to date?

Ms Petroff—Of all its legal advice to date?

Senator O'BRIEN—In relation to these cases.

Ms Petroff—I do not know offhand, sorry. I can take that on notice.

Senator O'BRIEN—Thank you.

Mr Yuile—Senator, just clarifying a colleague's answer, the Advances to the Minister for Finance are happening at the moment because we do not have an appropriation. We would expect that for future years that will be part of a consideration of cabinet in the next budget process. I thought I would clarify that.

Senator O'BRIEN—Who is accepting or potentially accepting liability? Who is going to have to pay the claims? Will that fall upon the Commonwealth?

Ms Petroff—It will fall to SIFC to meet the liabilities against SIFC.

Senator O'BRIEN—An article published in the *Herald Sun* on 13 February reports that the cost—which they say is to the Commonwealth—will be in the order of \$440 million.

Ms Petroff—That is a potential cost that was calculated by a firm of actuaries, and that is the worst-case scenario.

Senator O'BRIEN—The same article says that the government has been negotiating with the stevedoring industry to share the burden but has not struck a deal so far. Is that accurate?

Ms Petroff—That is not entirely accurate. In late 2000 the industry was consulted about various options surrounding SIFC and how SIFC might operate.

Senator O'BRIEN—Does that mean it has struck some sort of a deal?

Ms Petroff—No deal has been struck.

Senator O'BRIEN—Then it is correct to say you have been negotiating but there is no deal struck so far.

Ms Petroff—The inference of a 'deal' is slightly misleading. I am not sure that that was how it was intended.

Ms Meakins—‘Consulting’ is probably a better word than ‘negotiating’.

Ms Petroff—Yes, exactly; it was a consultative process.

Senator O’BRIEN—Who has the government been consulting with in that regard?

Ms Petroff—Stevedoring companies, other members of industry and the Minerals Council, I understand. It was before my time so that is why I am a little unclear about that.

Senator O’BRIEN—If you could tell us who the negotiations are with in that regard, on notice, I would appreciate that.

Ms Petroff—Certainly.

Senator O’BRIEN—I take it SIFC has been doing negotiations up till now and it will be the committee in the future?

Ms Petroff—With industry?

Senator O’BRIEN—Yes.

Ms Petroff—The department has been, not SIFC.

Senator O’BRIEN—A representative of Slater and Gordon is reported to be concerned that the committee is delaying the payouts with legal technicalities. Do you know what he might be referring to?

Ms Petroff—The comments by a partner of the law firm—I think it was Ken Fowlie who was quoted in the paper—have not actually been referred to SIFC at all so I was a little surprised when I read that. SIFC’s intention is not to delay. SIFC’s intention is to settle cases expeditiously. It is very much incumbent upon plaintiff lawyers to provide medical and other evidence expeditiously to us so that negotiations to settle the case can begin. SIFC’s philosophy very much is to settle cases expeditiously where there is proper evidence upon which we can base sensible settlement negotiations.

Senator O’BRIEN—I think you referred to an actuarial consultant, which I understand is Trowbridge Consulting. I presume they have come forward with a range of possible costs to settle these actions.

Ms Petroff—They came up with a worst case, best case and likely scenario in dollar terms of what SIFC might experience over the next decade or several decades depending on how asbestos cases materialised. There is a bit of lag time before asbestos cases manifest themselves.

Senator O’BRIEN—Do those projections include all associated costs?

Ms Petroff—They include the costs of actually settling cases and some of the plaintiffs’ legal costs in that regard.

Senator O’BRIEN—What range are we looking at in Trowbridge’s view?

Ms Petroff—I think the best case scenario was in the order of \$110 million, the likely case scenario was in the order of \$221 million and the worst case scenario was in the order of \$440 million over the next 10 to 40 years.

Senator O’BRIEN—I wanted to ask some questions about the passenger ticket levy. What was the purpose of the \$10 ticket tax which was introduced last October?

Ms Addison—The purpose of the ticket tax, as set out in the objectives of the act, were to meet potential costs associated with the redundancies of the Ansett employees arising from the Special Employee Entitlements Scheme that was established by the relevant collection act.

Senator O'BRIEN—Did the department conduct any costing or modelling on what this levy would raise?

Ms Addison—Potentially, yes, it did; in the context of giving estimates of what might be expected to be received, yes.

Senator O'BRIEN—Obviously there is knowledge about what it has raised to date.

Ms Addison—That is correct, Senator.

Senator O'BRIEN—Is the income raised consistent with the modelling?

Ms Addison—The modelling estimated as per the additional estimates documentation was around \$8 million per month. Currently we are raising approximately \$11 million per month. It is averaging out.

Senator O'BRIEN—That is 37½ per cent growth. It is a pretty good little earner.

Ms Addison—When we did the estimates following the terrorist attacks on 11 September and the collapse of Ansett the calculations that were done on the potential revenue included negative growth of 10 per cent. While the collections probably in the first month were on target with that, we have seen not quite that level of negative growth.

Senator O'BRIEN—Obviously not. In fact, does that indicate positive growth? In other words you have not got into the negative growth at all.

Ms Addison—There probably has been some negative growth, Senator. I do not know that we have—

Senator O'BRIEN—Negative growth, yes; a positive negative growth?

Ms Addison—Sorry, Senator. Also there is lag time involved in collecting the levy; we collect the levy the month after it has been collected. October's levy is due at the end of November, so there is some lag time in there. We also had sales coming up to pre-Christmas so that affected those figures.

Senator O'BRIEN—What is the total raised since the introduction of the levy?

Ms Addison—Some \$32 million.

Senator O'BRIEN—That is to the end of December, is it?

Mr Cotton—Last week.

Senator O'BRIEN—I take it the airlines collect the levy and they do not receive any payment for their collection.

Ms Addison—That is correct, Senator. It is actually the ticketing airline. There is a distinction: the person who is responsible or liable for the collection is the ticketing airline rather than the airline that the person flies with.

Senator O'BRIEN—Does the department collect figures on the payments by airport or by airline? Is there any statistical information that the department derives from the collection of the levy on how much is being collected from which sectors?

Ms Addison—No, Senator.

Senator O'BRIEN—So it is just, 'We have collected \$X million. Here is your \$X million.'

Ms Addison—That is correct, Senator.

Senator O'BRIEN—The government granted exemptions from the levy on certain flights. Could you tell us which routes are exempt and how those routes were determined?

Ms Addison—It is not routes. The exemptions against the ticket levy included aircraft with 16 seats or fewer. There are some other general exemptions. For example, diplomats and children travelling in arms are exempted from the application of the levy.

Senator O'BRIEN—What will happen with any surplus from the levy if it is not required for Ansett workers' entitlements?

Ms Addison—At this stage the legislation provides for the minister to determine, via regulation, how any surplus levy would be expended. The government is still considering that matter as there is currently no surplus and it is not yet known how much levy will be required.

Senator O'BRIEN—Is there any prediction as to how much will be required?

Ms Addison—Not at this stage, Senator. It is still very much subject to the extent to which the SEESA funding will be required to meet the entitlements of the Ansett employees. That as yet has not been determined.

Senator O'BRIEN—The Rapid Route Recovery Scheme was not a scheme related to the demise of Ansett. Can you give us a brief outline of its purpose and how it worked?

Ms Meakins—The purpose of the Rapid Route Recovery Scheme was to provide transitional support for continuation of services to communities following the demise of the Ansett group.

Senator O'BRIEN—How did the support work?

Ms Meakins—In three cases loans have been provided to airlines and in another 15 cases grants have been provided to airlines.

Senator O'BRIEN—Were there guidelines for applying for assistance under the scheme?

Ms Meakins—Yes, Senator.

Senator O'BRIEN—Can they be provided to the committee?

Ms Meakins—Yes, Senator.

Mr Yuile—Senator, I just want to make the minister aware of the tabling of those guidelines.

Senator Ian Macdonald—They are not commercial-in-confidence or anything like that?

Mr Yuile—No.

Senator O'BRIEN—How did an applicant gain access to the scheme, or did you seek them out?

Ms Meakins—Some were sought out and some applied directly, I think. If the question goes into much more detail I might have to call one of the officers who was involved in the program at the time. I have had only had responsibility for the program since January, so I do not have all the historical knowledge.

Ms Chilvers—Senator, would you mind repeating your question?

Senator O'BRIEN—How did beneficiaries of the scheme get access to it?

Ms Chilvers—They applied in many cases through an initial phone call and then later lodged formal applications. In some cases the state government, particularly South Australia and Western Australia, organised interim arrangements and applied as a state government, and then passed on the benefit to the charter operators that they had used.

Senator O'BRIEN—Can the committee be supplied with details of the applications for assistance received, the organisations making those applications and the routes that the assistance was sought for?

Ms Chilvers—Yes, we can table that later.

Senator O'BRIEN—So there were 18 cases where assistance of some sort was granted.

Ms Chilvers—Yes.

Senator O'BRIEN—How many cases were rejected?

Ms Chilvers—There were five rejected, Senator.

Senator O'BRIEN—How much did the cases accepted cost the Commonwealth in aggregate?

Ms Chilvers—We do not have the final figures yet because some of the services have not provided their final audited statements.

Senator O'BRIEN—When will that be available?

Ms Chilvers—Probably not until April. That is our current estimate of when the services that are being subsidised will have completed those services and provided us with audited statements.

Senator O'BRIEN—Are payments still being made?

Ms Chilvers—They are.

Senator O'BRIEN—When will those payments cease? How open-ended are the arrangements?

Ms Chilvers—The arrangements are not open-ended. The guidelines stated that assistance would be available for three to six months. The final service I think will continue until April.

Senator O'BRIEN—Can the committee be supplied with the details of each case of assistance, the type of assistance and the cost of that assistance?

Ms Chilvers—We will to the degree that we can. Some of the agreements have commercial-in-confidence details.

Senator O'BRIEN—What sorts of provisions would be the subject of commercial-in-confidence? This is public assistance to keep airlines flying.

Ms Chilvers—For instance, load factors, Senator. If a competitor were to look at someone's load factors and the amount of assistance that they were receiving, they would be able to determine factors about how those airlines operated that are not normally made available.

Senator O'BRIEN—They could do that by counting the people who walk off the planes, I suspect, and probably do. Can applications still be made under the scheme?

Ms Chilvers—No, the applications closed on 14 December.

Senator O'BRIEN—Did the scheme have a budget cap?

Ms Chilvers—There was \$30 million allocated.

Senator O'BRIEN—Is there any indication of the adequacy or otherwise of that cap?

Ms Chilvers—Our best estimate at the moment is around \$24 million.

Senator O'BRIEN—I have a few questions on rail before I go to aviation. For the Mainline Interstate Rail Track Program there is an additional appropriation bill which makes provision for \$37.8 million for what is described in the second reading speech as 'rephrasing the Mainline Interstate Rail Track Program'. Can someone explain what that means?

Mr Owen—That means that the funds that are provided in last year's budget were not able to be spent during that financial year. The component of \$37.790 million is being requested to be rolled forward into this financial year to reflect the reality of the expenditure on the program.

Senator O'BRIEN—What relationship does that have to the \$111 million equity injection to the Australian Rail Track Corporation in the last budget?

Mr Owen—It is a separate provision and the whole componentry of what has been spent to date, the addition of what is in this financial year and the addition of the reprofiling add up to that figure. Then the \$111 million fits in to make up the \$250 million overall four-year program.

Senator O'BRIEN—Is there a schedule of work which attaches to the \$37.8 million?

Mr Owen—That figure is attributable to two major elements: the first is New South Wales crossing loop projects, which are being held pending resolution of improved track management arrangements in New South Wales; and the other relates to the Wodonga bypass program.

Senator O'BRIEN—How much for the Wodonga bypass program?

Mr Owen—The Commonwealth's commitment to that overall project is capped at \$20 million.

Senator O'BRIEN—Thank you for that.

Ms Briggs—Madam Chair, could I clarify my answer in response to Senator O'Brien's question about reporting arrangements. I have been reflecting on it and I think I answered too quickly. In essence, the arrangements were that as members of the task force we participated in the preparation of memoranda to cabinet but also sometimes advice that went to ministers as part of that process, transmitted through PM&C. In addition to that, in relation to matters that arose within the task force that related to our portfolio responsibilities, we on occasion advised our minister separately on those things. I wanted to clarify that you understood what we were advising on because I thought I had used a bit of shorthand in my response.

Senator O'BRIEN—There were a number of occasions when advice was presented to Mr Anderson as your portfolio minister?

Ms Briggs—To Minister Anderson and to, I think, Senator Macdonald, but they were on issues that related to the portfolio, Senator.

Senator O'BRIEN—In addition, there was general advice to cabinet prepared—

Ms Briggs—Through the task force; that is right.

Senator O'BRIEN—That is ongoing I take it?

Ms Briggs—Yes, that is right. I was concerned that I had not conveyed that sufficiently to you.

Senator O'BRIEN—No, you had not.

[8.38 p.m.]

CHAIR—We are now ready to deal with 3.5—Aviation and Airports Policy Division, including CASA and Airservices Australia.

Senator O'BRIEN—I want to ask questions about the aviation policy task force. This review will cover regional, interstate and international aviation policy, as I understand it; is that right?

Mr Dolan—The task force is a small team that has been asked to take a look at the extent to which the aviation policy world has changed since the events of September last year and what, if anything, needs to be done about that. It is at a fairly early stage and is small and focused. The key reform initiatives that are on the table at the moment relate more particularly to Airservices, CASA and a range of issues that the minister has outlined in relation to that.

Senator O'BRIEN—So the task force has terms of reference?

Mr Dolan—Other than that rather general brief, not at this point, Senator.

Senator O'BRIEN—There is no written brief from the minister?

Mr Dolan—No.

Senator O'BRIEN—Is the task force intending to look at regional aviation?

Senator Ian Macdonald—What sort of 'regional'—regional world or regional Australia?

Senator O'BRIEN—Regional Australia.

Mr Dolan—The issue of regional aviation obviously is one that will come up as an issue in any review of policy. To that extent, yes, it will be on the agenda as something that needs to be looked at.

Senator O'BRIEN—Who is on the task force?

Mr Dolan—At the moment the task force consists of Roger Fisher, who is a recent transfer from the Department of Finance and Administration, and his executive assistant.

Senator O'BRIEN—That is it?

Mr Dolan—That is it, Senator.

Senator O'BRIEN—Therefore, there is no connection with the so-called aviation reform program that the minister's press release of 15 February refers to, I take it?

Mr Dolan—The aviation reform program obviously would have some connection because of those links to the events of September last year. Mr Fisher and I are working very closely in relating matters that he is looking at with the minister's explicit reform agenda that was covered off again in a press release last Friday.

Senator O'BRIEN—I beg your pardon?

Mr Dolan—The announced initiatives or matters for review—the aviation reform program—were in the press release last Friday.

Senator O'BRIEN—The minister said:

“Airspace reform is an important part of the Government’s aviation reform programme, which will emphasise the following:

- the corporatisation of Airservices Australia;
- the future responsibility for rescue and firefighting services, terminal navigation, and tower ATC services;
- the establishment of an air standards task force to complete the reform of the aviation regulations;
- a review of the structure and reporting arrangements for CASA; and
- airspace reform.

Which of those areas is the task force that we were talking about earlier touching upon?

Mr Dolan—The task force is not specifically focusing on those which were a development of existing business, a continuation of matters that the government already had under attention. They are the focus of my responsibilities in the Aviation and Airports Policy Division.

Senator O’BRIEN—When the minister says that Mr Smith, Mr Anson and Mr Forsyth are to provide the government with advice on the next stage of airspace reform, what does he mean?

Mr Dolan—That relates to a request that there be a review of the proposals currently in train for low level airspace reform and his specific wish that there be a review of the merits of the Airservices low level airspace management plan and an alternative proposal.

Senator O’BRIEN—Is that a known public proposal or is this group to develop one?

Mr Dolan—No, it is a proposal that has been circulated at a concept level, but with some supporting detail, to a range of stakeholders by the minister, with a request for their initial comments on it. The committee—consisting of Mr Dick Smith and the chairmen of Airservices and CASA—will then advise the minister based on those responses and their professional views about which of these two plans is the one that is more appropriate. Then the minister will make a decision.

Senator O’BRIEN—To which stakeholders has this second plan that you just referred to been circulated?

Mr Dolan—I do not have a list with me at the moment, but to a range of industry stakeholders that initially the minister had a discussion with before Christmas.

Senator O’BRIEN—There is a list, is there?

Mr Dolan—Yes. I could provide the list.

Senator O’BRIEN—Is it an extensive list—a dozen people?

Mr Yuile—An extensive list, yes.

Senator O’BRIEN—Can the alternative proposal be supplied to this committee?

Mr Dolan—Yes.

Senator O’BRIEN—Thank you. What is the time frame for the activities of the Smith-Anson-Forsyth review team?

Mr Dolan—They have been asked to have advice to the minister by 25 March.

Senator O’BRIEN—Is there a proposed time frame for the Airservices corporatisation?

Mr Dolan—There is no specific time frame at this point. We are constructing that and it is seen as a priority in terms of reform initiatives in the aviation sector. In constructing the time frame for it we will take account of that.

Senator O'BRIEN—That is the work you are doing, is it?

Mr Dolan—Yes.

Senator O'BRIEN—Is rescue and firefighting, terminal navigation and tower ATC services again your work?

Mr Dolan—Yes. It relates quite directly to the issues of corporatisation and in a world of corporatisation how best to handle the range of services that Airservices Australia currently provides.

Senator O'BRIEN—The reform of aviation regulations was being handled by CASA, wasn't it?

Mr Dolan—Yes.

Senator O'BRIEN—Is that with you now?

Mr Dolan—At this point we are in discussions with CASA about the best way of maintaining the momentum that they have put into place in terms of regulatory reform, while ensuring that there is some level of external task force to keep some oversight of it.

Senator O'BRIEN—So you are going to watch them do the job. Is that what you are saying—a plain English version?

Mr Dolan—No. The minister will have in place a task force, the nature of which has yet to be finally decided, which will assist him in his responsibilities as minister for CASA and particularly the regulatory reform program.

Senator O'BRIEN—Do you know how that task force will be made up?

Mr Dolan—It is a matter still under consideration by the minister.

Senator O'BRIEN—On the question of the structure of CASA, are you doing that work?

Mr Dolan—The principal input to that will be a review that is in train by Mr Anson, the Chairman of the CASA board. That was commissioned by the minister when Mr Anson took up his appointment.

Senator O'BRIEN—Is there a time frame for that work to be completed in?

Mr Dolan—I understand that Mr Anson was to have finalised his report to the minister by the middle of this year, Senator.

Senator O'BRIEN—Is there a current estimated or actual final cost for the Sydney Airport noise program?

Mr Dolan—I am afraid that that is one which is now with the transport programs area. We could take that on notice.

Senator O'BRIEN—I will put the questions on notice. What is the current timetable for the sale of Kingsford Smith?

Mr Dolan—The current timetable is, as was announced when the sale was suspended, that the government would consider early this year the question of resumption of the sale process.

Senator O'BRIEN—Are there any further decisions on process?

Mr Dolan—There have been no further decisions since the decision to suspend the sale was taken, Senator.

Senator O'BRIEN—I take it it is safe to assume that you will say that the environment was not suitable for the sale of the airport?

Mr Dolan—Yes. The events of September last year and their impact both on international markets and on the domestic aviation industry led the government to the conclusion it was inadvisable to continue with the sale process at that point.

Senator O'BRIEN—Has there been any continuing evaluation of the circumstances? Would that be a role for this department?

Mr Dolan—No, the management of the sale process—since the administrative arrangements orders changes following the election—is now with the Department of Finance and Administration.

Senator O'BRIEN—If there is any work being done in terms of bidders, timetable and process, the questions should be asked of—

Mr Dolan—The Department of Finance and Administration or the minister.

Senator O'BRIEN—Is it still planned to sell Bankstown, Camden and Hoxton Park in the second half of this year?

Mr Dolan—The expectation was that that would follow on from the sale of Kingsford Smith and so I suppose, although the decision to sell in the second half of this year is the current government policy, it is obviously going to have some relationship to whatever decision is made on the continuation of the sale process for Kingsford Smith. The two are linked.

Senator O'BRIEN—So the answer is: it is up in the air?

Mr Dolan—Yes.

Senator O'BRIEN—I think you told us last year that work by a range of agencies was to be done in the second half of last year, including work on air traffic arrangements by Airservices Australia. Has that work been done or was that suspended?

Mr Dolan—That has been suspended as well, Senator.

Senator O'BRIEN—So the whole process has stopped and, if it is to be restarted, all of the work that you were referring to last year needs to be done.

Mr Dolan—Correct, Senator.

Senator O'BRIEN—I will talk to you about that in May.

Senator O'BRIEN—Can you tell me what the purpose of the ICAO meeting is and who is attending?

Dr Turner—The purpose of the meeting is to review the possibility of a global approach to upgrading or reviewing aviation security, looking at a possible global audit program. There are—I forget the figures—120 or so states attending. Australia is represented by the secretary to the department, Mr Ken Matthews; an officer of the Aviation Security Branch, Lloyd Binks; and two of our officers from the ICAO delegation in Montreal.

Mr Yuile—No, sorry, I think it is a member from the Australian High Commission in Ottawa.

Dr Turner—Sorry, and there is a member of the Australian High Commission in Ottawa as well.

Mr Yuile—I think you were asking this morning, Senator—or maybe I volunteered it—but I think there is a mixture of ministers and officials, depending on availabilities. Is that correct?

Dr Turner—Yes. In the last figures I saw, there were in the order of 50, maybe 60, states sending ministers, so something less than half of the delegations are sending ministers.

Senator O'BRIEN—And Mr Matthews is Minister Anderson's representative?

Mr Yuile—Yes. As I said, I am not quite sure of the protocol in terms of his credentials, but the minister asked him to go in view of his parliamentary commitments this week.

Senator O'BRIEN—And is there any other Australian representation at the ICAO security meeting?

Mr Yuile—Official representation?

Senator O'BRIEN—Yes.

Mr Yuile—No. Mr Matthews, as Dr Turner has said, is the leader of the Australian delegation, and the other members are officials of this department, the Australian representative at ICAO and the representative from the Australian High Commission in Ottawa, Ms Walker.

Senator O'BRIEN—With respect to the minister's announcement that more regional airports will receive security screening, can we receive some details of the new arrangements and what is happening with their implementation?

Dr Turner—In terms of which airports are now covered?

Senator O'BRIEN—Yes.

Dr Turner—The minister issued a press release, which you may or may not have in front of you, on 19 October, which listed the airports. I have a copy of that here, if that helps.

Senator O'BRIEN—Yes, that would be handy. Does the department maintain a list of all Australian airports, with annotations as to which have passenger screening services?

Mr Dolan—Without wishing to seem uncooperative, we would really prefer not to get too much into the detail of security risks and how we respond to them. It is a delicate area and not one that, as a general principle, we would like to comment on.

Senator O'BRIEN—I think there are abundant press releases coming in from areas where there is not screening. If the concern is that that will be revealed, it is a pretty open secret. What proportion of the airports in Australia are not screened?

Dr Turner—That would require an accurate list of and definition of how many airports there are. The 29 which are in that list are the only ones at which screening is conducted on a regular basis, other than if events occur, particular threats are identified or planes of over 100 seats domestically arrive. As we have indicated, that is about as much detail as I would want to go into in a public forum.

Senator O'BRIEN—Does the department review airport security from time to time?

Dr Turner—Part of our function is to monitor and audit security services at nominated airports. Do we change the list of airports and services from time to time? Yes, we keep that under constant review. The whole process is based on risk assessment, so as the assessment of

risks to particular services, particular providers or particular places changes, then what we do in response changes.

Senator O'BRIEN—I understand there is a mechanism to obtain exemptions from parts of the Air Navigation Act, the security provisions. Can you tell me about the types of exemptions that are able to be sought?

Dr Turner—My interpretation of the answer to that is that we currently have a set of what we call additional security measures. The current list was issued in October. One of those measures in particular relates to what services are screened from what airports, and there is a provision in the ASM, the additional security measure, for seeking exemption. That is essentially about trying to balance the security outcome with the cost to the providers. If a service is leaving at a time quite clearly not related to any other service when the screeners are not working, there is a provision for regional providers to apply for an exemption from screening. In other words, the plane has to be leaving either from a place where it is isolated from other services or at a time which isolates it from other services. Then they can seek an exemption.

Senator O'BRIEN—Last year a bill was introduced to remove the security provisions of the navigation act while new air safety regulations were being prepared. That bill disappeared with parliament being prorogued. What is happening to that process of developing new regulations in the plan to take security out of the Air Navigation Act?

Dr Turner—The issue of returning the bill to parliament is currently with the minister, I think, and we certainly are continuing to work on a review of the legislation and the regulations in the light of the changed security environment post September.

[9.05 p.m.]

Civil Aviation Safety Authority

CHAIR—Welcome, Mr Toller. We are now proceeding to CASA and I understand that Senator Buckland is going to open the questions tonight.

Senator BUCKLAND—Thank you, Chair. Mr Toller, on 29 November 2001 CASA released an aviation information publication. Part of this AIP was ENR 1.1-94 section 732—I am not asking you to recite it off the top of your head—which was changed to effectively reduce the distance between emergency landing areas from 50 nautical miles to 25 nautical miles for a single-engine aircraft performing over-water operations. Was there a reason that CASA came to a decision that they should halve that distance for these types of aircraft?

Mr Toller—Senator, I have to confess that I was not even aware of that change and I will, therefore, either seek advice now or take it on notice. I will just see if anybody has an instant answer for us.

Senator BUCKLAND—Yes, thank you.

Mr Toller—I do not think anybody here is aware of that change, in fact, Senator, so we will take that one on notice.

Senator BUCKLAND—This restriction has had a reasonably large impact on air charter operations of operators with single-engine aircraft. As I understand it, it is quite a significant change, so there is a series of questions on notice that I will need to put to you or to the relevant people to get answers. It is equally concerning, carrying on from earlier evidence in another section of today's proceedings, that those involved in air-sea rescue operating single-

engine aircraft will now be affected and that it could limit the ability of air-sea rescue operations using light aircraft. I am very surprised that you are not able to answer tonight.

Mr Toller—Not only am I not able to answer it, Senator, I was not aware of the change, and seemingly neither are any of my senior officers. Therefore, I think the answer to that is that we have to go and research why that change took place. Certainly we are not aware of it having happened.

Senator BUCKLAND—I am not doing real well here, Mr Toller, tonight because in another section tonight I was cut short because the officers were not aware of the matters raised.

Mr Toller—The AIP, the aeronautical information publication, is not published by CASA, Senator. It is actually an Airservices document. The origins of changes to that document can be either from CASA or from Airservices. Now, this one sounds like a CASA issue, but it is not one that any of us have awareness of. So, as I say, I think we will have to take that one on notice and research it.

Senator BUCKLAND—We will provide the questions to you in that case.

Mr Toller—Thank you, Senator.

Senator BUCKLAND—Thank you for that. Moving off that now, I believe that there was a proposal put to CASA that would allow pilots indemnity for one break of air safety laws every five years if they reported these breaks of air safety laws themselves. Do you know where that has got to?

Mr Toller—I will ask Mr Ilyk, our general counsel, to answer that one. That is an enforcement policy that goes back, I believe, about four years in terms of its proposal.

Mr Ilyk—There was a proposal along the lines that you just mentioned, Senator, that was included in a new enforcement policy discussion paper that was issued by the then chairman of CASA in about February 1998. The proposal went to discussion, but it was not supported by the Department of Transport and Regional Services, so it actually died at that point and never went anywhere.

Senator BUCKLAND—Has it ever been resurrected?

Mr Ilyk—Not at this stage, Senator.

Senator BUCKLAND—Are you aware of any overseas examples where this practice is allowed?

Mr Ilyk—Indeed, Senator. In fact the original CASA proposal was based on the American system that operates under the FARs, federal aviation regulations.

Senator BUCKLAND—Do you know the reason why it has lapsed or why it was not approved at the time?

Mr Ilyk—It was not supported by the department at the time. I cannot recall the exact reasons. We have it on file as a response back to CASA in response to the discussion paper. I cannot remember off the top of my head though, Senator. We can certainly get that information for you.

Senator BUCKLAND—Could you take that on notice and provide that to us?

Mr Ilyk—Sure.

Senator BUCKLAND—Also provide to us the groups or organisations that there was consultation with prior to the matter lapsing and not being proceeded with.

Mr Ilyk—Yes, Senator.

Senator BUCKLAND—Thank you. Does CASA intend to go back to the old airworthiness directive system, or the current system introduced in 1991? If they do, what would be the cost to do that—that is, to go back to the old system? How many ADs were issued a week and how long does it take to do each of the air directives?

Mr Toller—That is a pretty broad question, Senator. If ever air directives are produced as a result of a perceived need to act and ensure that actions are taken to make certain safety steps for aircraft, the arrangements for those are very varied. Some of them are fairly simple; some of them are extremely complex. So in order to turn around and say how long one would take, it just depends. Some of them are very simple. With some of them we just literally rubber-stamp an airworthiness directive that comes from the certificated nation of the aircraft, and that is probably the most common type that we have. In terms of any changes to the process that you are alluding to, certainly the regulations regarding airworthiness directives have changed, but I do not believe the principle has changed. I might ask Mr McIntyre, our standards expert, if he has any further comments to add to that, Senator, but I think that sums up the general position as far as we are concerned.

Mr McIntyre—To my knowledge we do not have any intent to change the current system. In other words, we do not intend to go back to the 1991 system that you were describing.

Senator BUCKLAND—So you do not have any intentions to go back?

Mr McIntyre—No. The current system will be the system that is maintained into the future.

Senator BUCKLAND—I understand that there was a brochure around 1998 that outlined the various safety levels of different types of aircraft that were around during that time. However, I understand that that is not readily available. I could be wrong on that; I am only acting on information provided to me. Is there any intention by CASA to reissue a document of that nature or to provide an updated one or current one?

Mr Toller—Senator, that was an incentive of the former chairman. To my knowledge there are still copies of that document around. The issue as to whether we update it or not is one that would be constantly under review with our safety promotion team, and it is whether the message is still the right message and whether we have the right means to get it across. I think the general feeling we had at the time was that, although it was a great idea, it probably did not have the effect that was intended.

We are now more interested, I think, in differentiating not so much between aircraft types, although obviously that is an important thing, but between the operational style—in other words, whether it is a charter operator or a regular public transport operator—because there are significant differences there for what would appear to be identical aircraft. I will certainly take it on notice as to whether that particular pamphlet is still available but I have seen copies of it in the not too distant past.

Senator BUCKLAND—If it was not effectively understood by the industry, did you look at other ways of trying to get the information across?

Mr Toller—It was not actually aimed at the industry, Senator; it was aimed at passengers. It was trying to get passengers to understand that a 747 or a 737 being operated by Qantas, or

Ansett in those days, was a very different sort of aircraft and was certificated to different standards than the smaller aircraft used by the small charter and RPT aircraft. Our view is that there has been significant publicity since about the whole issue of piston-engine aircraft and the reliability of piston-engine aircraft. There is considerable discussion about the ageing aircraft issue and it has, therefore, not been one that we suddenly needed to bring to people's attention in the way that it perhaps was five years ago when it was, shall I say, more of a sleeper.

Senator BUCKLAND—Mr Toller, how much money from the CASA budget is allocated to inspect, to certify, and to enforce the warbird section of the aviation industry? What percentage of the budget would that represent?

Mr Toller—Senator, we would not specifically allocate the budgets to that. In terms of the total amount of activity that it takes up, and as a percentage of our compliance budget, I would have to say it would be very small indeed; minimal. We do not spend a lot of time or do a lot of work on warbird activity.

Senator BUCKLAND—Do you have a branch within CASA that specifically deals with this type of aircraft—warbird and, I suppose, the antique type ones, if that is the right term?

Mr Toller—Not specifically as a subject of warbirds and antiques. We have dealings with the Warbirds Association and we have dealings with the Antique Aircraft Association in a lesser way. The warbirds obviously give us some issues that we have to consider and we have had discussions literally in the last two or three weeks with the Warbirds Association. As well as operating issues, there are certification issues as to what constitutes safety within a warbird type aircraft. That would fall within the remit of our certification standards branch who would be looking at issues like that. The issues there that come to mind as being of interest to us are: there was an accident in Western Australia a few years ago when the wing collapsed while the aircraft was doing aerobatics. As a result of that, an inspection program was put in place in order to try and see whether there was the possibility of rot in aircraft of that age. That is the sort of action that we take. It is a very small part of our budget; it is not part of our focus and it is not part of our mainstream activity.

Senator BUCKLAND—Does CASA have a system similar to New Zealand's where the director knows, on a day-to-day basis, how much of the resources have been allocated to the various sections of the aviation industry?

Mr Toller—Senator, the system that existed in New Zealand, as I understand it, is very similar to the system that we use. It is a time allocation program, such that every officer at the end of every day, up to and including myself, allocates their time to the various activities that they have undertaken during the day. If you ask whether I know on a day-to-day basis, that information is available. It is reviewed on a bimonthly basis by the safety committee who look at what percentages of time are spent, particularly by the compliance staff, on the various activities that they have to undertake.

Senator BUCKLAND—To your knowledge, has anyone been fined under the administrative fines process?

Mr Toller—Yes, they have, Senator. I believe that there have been eight fines this year, of which I believe four have so far been paid and four are still due.

Senator BUCKLAND—What was the nature of those fines?

Mr Toller—The maximum, which is the maximum allowed, is \$550. Some were \$330 and some were \$550.

Senator BUCKLAND—What was the nature of the offences?

Mr Toller—They were relatively minor offences; mainly, I think, within the maintenance area, from recollection. I can ask Mr Ilyk to give you further details, if you like, Senator.

Senator BUCKLAND—Yes.

Mr Ilyk—I do not have the exact details of the offences. They were, as the director said, mainly related to maintenance issues—non-certification, proper certification of some maintenance. That was the general ones.

Senator BUCKLAND—Were these for private operators or for charter?

Mr Ilyk—No, it was across a range of organisational types, from maintenance organisations which maintain aircraft—and, if I recall correctly, there may have been one or two operational ones that were dealt with as well. I cannot recall whether they were private or commercial. We have the information; I just do not have a copy of it here.

Senator BUCKLAND—Could we get a copy of that? Could you take that on notice?

Mr Ilyk—Yes. We can give you the details of the types of offences and the amounts that were paid.

Senator BUCKLAND—I am not particularly interested in the names of people or anything of that nature. In the last month or so I have been travelling in reasonably remote areas and, in talking to people who operate their own light aircraft, there seems to be a constant complaint coming back of the amount of paperwork and information they are receiving from CASA. I do not think this would be new to you. I think this has been raised in another committee that I serve on in the Senate. Are there any plans at all to review the amount of paperwork that is sent out to pilots or to more tightly target the pilots that could be affected by the information you are trying to disseminate?

Mr Toller—It is interesting, Senator. That is probably the opposite of the normal complaint we have—that people have not received material that they did expect to receive. I do not think I have ever heard anybody complain about getting too much in the past. We accept the fact that there is a reasonable amount of safety material that goes out to all aviation reference number holders—that is, all licence holders, certificate holders et cetera. That can be and is on many occasions targeted to specific people—in other words, to people who are affected. There is other stuff that goes out that is important to all members of the aviation community.

We are also putting out a lot of material in terms of our reform of the regulations but that tends to be on request only. It is not the sort of thing that gets mailed out to everybody. I would be quite interested to receive more detail of the sort of material that people are getting and which they do not want, because if we can reduce our mailing costs that would help us. But, importantly, we have a role, and an important role, to make sure that all information goes out to everybody who may need it.

Senator BUCKLAND—I will give you an example so that you will understand. I do not fly an aircraft so I have never received any of your material, except for that which I have seen through a committee. This is one very stark instance. A pilot who flies from the outback of South Australia, who occasionally flies to Melbourne and to Adelaide in his light aircraft, received a safety warning designed for planes flying in Alaska on days when the temperature

was below minus 40 degrees Celsius. It is that type of information which is being sent out to people and they cannot understand why they are getting it.

Mr Toller—We are not aware of anything we have put out as a general statement of that nature. It may be included in a service bulletin that has come from the manufacturer of the aircraft or the engine, which does not come from CASA.

Senator BUCKLAND—I am sorry, but we asked that specific question. That was my answer. I was found to be wrong. The information did in fact come from CASA.

Senator Ian Macdonald—Have you got a copy of it?

Mr Toller—We would like one, too.

Senator BUCKLAND—We will provide that. It is just one of those things where, as I say, you seem to be getting a different answer to me. I spoke to quite a few who fly their own aircraft out there and they are all saying they are getting information that just is not relevant to their type of aircraft, to their type of operations. They say they are getting it by the ream.

Mr Toller—I would be interested to have the examples, because, as I say, if we can save putting out unnecessary information, we will. I am certainly not aware of anything where we have put that sort of material out.

Senator BUCKLAND—I will certainly undertake to get that to you because it was just an opportune time tonight to raise that. As I say, I provided him with the answer you just provided me with, but I was wrong.

Mr Toller—I am an aircraft owner and therefore I also get material from CASA as an individual, and I certainly have not, as an owner, seen any of that material. It may be specific to an aircraft type, I suspect.

Senator BUCKLAND—Yes. I have a number of questions which you have already said should go on notice and I will do that.

Senator O'BRIEN—At the last hearings I asked you about the regulatory arrangements as they relate to pilot training for ultralight aircraft. You told me there were no differences in the types of pilot training provided on a commercial basis. On page 263 of the *Hansard* of 30 May, you said CASA was attempting to find a means by which people could 'undertake commercial flying training as opposed to flying training for their members on a not-for-profit basis'. Mr Yates referred to a meeting with the Australian Sports Aviation Confederation on 10 April, and he said that at that meeting CASA officers put to the group a plan to facilitate the issuing of an AOC for sport aviation activity. He referred to a paper which was tabled at that meeting. I do not know if it was actually tabled before the committee. I think Mr Yates offered to table it, but I do not think we actually received it. Can the committee be supplied with a copy of that paper, please?

Mr Toller—Yes, we will try and trace it.

Senator O'BRIEN—Thank you. I understand you wrote to Paul Middleton, the executive director of the AUF, on 11 February this year and said:

Thank you for hosting me for lunch today. It was good to get together and clarify some important issues. We must do it more often.

As discussed I believe there is a sensible resolution to the issue of the proposed requirement for AOCs for all commercial flight training organisations including ultralights. Although the NPRM is open for comment until 28 February, it is now clear in my mind that a better path is to amend CAR206. I intend

to propose to do this in the near future prescribing that sports aviation and ultralights do not require an AOC for flying training.

Hence I believe your best response to the NPRM would be to write that you would support an amendment to CAR206 as discussed with the Director on 11 February 2002.

I look forward with interest to see how the other issues we discussed progress.

Was it such a good lunch that you decided to take a U-turn on the previous position you put before this committee on the provision of commercial pilot training?

Mr Toller—No, I certainly would not claim that the lunch had anything to do with any U-turn, Senator. This has always been a difficult issue to resolve. The previous policy approach was that we did not—while we were trying to undertake the complete review of all the new regulations—want to undertake an amendment to CAR206.

CAR206 is the regulation which prescribes those activities which require an AOC. It has long been one of the more difficult regulations for us in many ways. The reason that we were looking for a means to provide certification for commercial flying training for sports aviation was because specifically it was prescribed within CAR206. It was clear to me that there would have been immense resistance from the sports aviation movement, and particularly I think from the ultralight movement, to the proposal that was put forward. Therefore it was worth considering whether there were other ways to achieve the same end and, let us be quite frank about this, the same safety end, because that is what we are talking about at the end of the day.

I therefore, after some discussions with the board, the secretary and the minister, proposed that we review the whole issue of which aerial work activities actually require an AOC. We brought in a consultant who had international knowledge in this subject and had worked with us previously. As a result of his report we are currently internally, within the authority, undertaking a review of all those aerial work activities. Equally, as a result of his report, he made it clear that he believed that the government policy—going back to 1985 or 1986—was that sports aviation should be allowed to be self-administering and that it should be allowed therefore to continue to do this and should not have an extra imposition put upon it. I was prepared to accept that view. In accepting that view it leads you down virtually the only other logical avenue, which is that you amend CAR206.

Senator O'BRIEN—Notwithstanding the view that you put on 30 May, does the acceptance of this other view amount to a direction, effectively?

Mr Toller—It retains the status quo that has existed since 1985 or 1986 without imposing the requirement for an air operator's certificate on sports aviation and all that would have entailed for those bodies. I do not believe it has any effect on anything other than the administrative burden.

Senator O'BRIEN—Is it usually your practice to form a view about a proposal to change a regulation or rule before the comment period for an NPRM has closed?

Mr Toller—No, most definitely not, Senator. You will recall that in this particular case, though, we have extended the comment period. I think it is safe to say that, even though some comments may still be coming in over the next nine days, or however long it is, the overwhelming view of all the comments—and a large number of comments have come in so far—was that the proposal as put in the NPRM was not acceptable to industry.

Senator O'BRIEN—To industry or to parts of industry?

Mr Toller—To those affected, I think, is probably the best way to put it.

Senator O'BRIEN—The providers in the sports and ultralight aviation field?

Mr Toller—Yes.

Senator O'BRIEN—That is the industry you are talking about?

Mr Toller—The majority of the responses would come from those people.

Senator O'BRIEN—Who else have you communicated this view to? You communicated it to Mr Middleton before the end of the NPRM comment period. Who else did you communicate it to?

Mr Toller—I have communicated it to two people, and there was one reason for both of them. The reason is to try and prevent them from having to write a 50-page response to the NPRM and achieve the same end, if you like. In other words, I knew that they were quite capable and probably had drafted very lengthy responses but I just believed that they should know the way that we were thinking. I have also explained this position to Mr Henk Meertens, the President of the Australian Sports Aviation Confederation, who is the other person who is affected. It was with Mr Meertens and the members of his committee that we in fact formulated the original plan for a lower form of certification, which was called an AOC for sports aviation.

I think it is probably fair to say that the politics of sports aviation is quite complex. For reasons that I do not think I even yet understand, the Ultralight Federation split from the Australian Sports Aviation Confederation in about September of last year, and in so doing created sort of a split of opinion within the sports aviation body from that which had existed when we first put together our proposal, so it was really a very different environment in which we were working and I think that what we have achieved is a sensible result for all those who are involved.

Senator O'BRIEN—So you have asked one industry participant to write and support a view that you have taken? That is what you have done, isn't it?

Mr Toller—I have done it to both of those two, whose organisations represent all the people who were responding to us as individuals.

Senator O'BRIEN—Do you commonly lobby for submissions to be made in response to a notice of proposed rule making to support a view you have about the rule making?

Mr Toller—Not at all. I just believe that, when it is clear from work that has been done since the NPRM was put out, and the weight of the responses to the NPRM suggest that it has no support at all from the respondents, if it is clear that we will be taking another line and that is agreed by the board, why would I not communicate that in advance?

Senator O'BRIEN—This is a board decision?

Mr Toller—It is a decision that has been made by me and ratified by the board. In other words, it is made by me as the chief executive with the advice of my team, and ratified by the board.

Senator O'BRIEN—Before the end of the NPRM, the board has determined the matter?

Mr Toller—Sorry, Senator?

Senator O'BRIEN—Before the end of the consultation on the NPRM, the board has determined the matter?

Mr Toller—The board has reviewed the whole situation by asking and agreeing to a review of the requirement for aerial work AOCs. The change that has been made effectively is an agreement that, rather than not amend CAR206, which was the previous board position, the board now accepts that there are occasions—and this is one—when amending the current regulations is probably the best way to go.

Senator O'BRIEN—So it has been determined by CASA that you will propose to the minister an amendment to CAR206 which will exempt all sports aviation training, whether it be commercial training or training for members of an AUF from a requirement to hold an AOC.

Mr Toller—That is one of the proposals of the amendments. We would also review the whole of the current requirements for certification for aerial work, and it is in that context that we are including commercial sports aviation. Non-commercial sports aviation has never required an AOC for flying training.

Senator O'BRIEN—I understand that.

Mr Toller—And one of the difficulties we have, Senator, and I think you will understand this particularly, is that the Civil Aviation Act was amended to remove the word 'commercial'; however, CAR206 has never been amended. We have this anomalous position whereby the Civil Aviation Act asks that the regulations prescribe the activities that require an AOC, but it has deliberately removed any hint of commercialism because it should be risk based, and yet the word 'commercial' still stays within CAR206. Another part of that amendment, I believe, should be to remove the word 'commercial' to be consistent with the amendments that were made recently to the act.

Senator O'BRIEN—Have there been any consultations with the minister or the minister's office about this?

Mr Toller—The minister's office was informed of our thinking, but that is all.

Senator O'BRIEN—Before or after this lunch?

Mr Toller—Before or after I—

Senator O'BRIEN—Told Mr Middleton at lunch.

Mr Toller—Way before.

Senator O'BRIEN—I want to ask some questions about the aviation maintenance firm VH Aviation. Can you tell me what level of maintenance this company is licensed to undertake and when it was granted the licence to do this work?

Mr Toller—In terms of what their certificate of approval allows, I may have to take that on notice. They are a significant maintenance organisation at Canberra Airport, as you are aware, including the maintenance of aircraft in excess of 5,700 kilograms. They also are an operator and they operate an aircraft that is above 5,700 kilos—a turboprop night freight operation.

Senator O'BRIEN—You think it may have had a role in flying schools previously but has not for some time?

Mr Toller—I understand they used to own a flying school at Canberra Airport but do not now.

Senator O'BRIEN—What audit processes have been followed by CASA in relation to the maintenance activities of this company?

Mr Toller—I am aware of the newspaper article of this Monday, I think it was, with allegations against this company regarding certain activities. These allegations were made to CASA some time ago—June of last year. An investigation was carried out. As a result of that investigation, it was decided to do an extensive risk based audit of that company. The results of the investigation and of that audit are currently being considered, and no decision has yet been taken on what further action may or may not be taken.

Senator O'BRIEN—Can you give the committee details of the scheduled and unscheduled audits since January 1999 of this company?

Mr Toller—Yes, we may have that. We will take that one on notice. You asked for similar information this morning but not exactly the same, so we will take that on notice.

Senator O'BRIEN—If they are unscheduled audits, presumably they were scheduled because of some activity or information.

Mr Toller—Indeed. The one I have just mentioned is a non-scheduled audit as a result of our risk assessment of that organisation.

Senator O'BRIEN—I understand a Mr Reed contacted CASA about the performance of maintenance work on his aircraft undertaken by this company. Mr Reed runs a flying school without a maintenance facility, as I understand it, so the businesses do not compete. They are not competing, except for perhaps some minor charter work.

Mr Toller—I do not believe they compete at all in terms of operations. I think it is an activity, as I understand it, more of the nature of a local user of the airport than as the director of aviation safety. It is an activity that VH were heavily involved in but have now got out of. I believe that they did sell the flying school, and there is no competition. There is only one other flying school, which is operated by another operator.

Senator O'BRIEN—I understand the first contact between CASA and Mr Reed was between November 2000 and last April.

I am sure that CASA can provide us with precise dates. But I understand Mr Reed was formally interviewed by Mr Eion Edmonds and another CASA officer in April 2001. Can you tell me what Mr Edmonds' position was at that time and what his current position is?

Mr Toller—He is an airworthiness inspector at the New South Wales country office at Canberra Airport.

Senator O'BRIEN—Was at the time, and is?

Mr Toller—Is, to my knowledge.

Senator O'BRIEN—I mean at the time he conducted the interview in April 2001.

Mr Toller—Yes.

Senator O'BRIEN—And still?

Mr Toller—And still is.

Senator O'BRIEN—Do you know who the other officer at the formal interview was?

Mr Toller—I do not have any information about there being another officer there, but I am sure there was. I will take that on notice.

Senator O'BRIEN—Presumably there was a detailed record of interview.

Mr Toller—I believe the other officer was another of our airworthiness inspectors, Mr Tyghe. We will investigate what record there is of the interview. I am certainly aware of email traffic about the interview but what the formal record of the interview shows, I do not know.

Senator O'BRIEN—There would be one on file somewhere?

Mr Toller—I will take that on notice and check.

Senator O'BRIEN—Thank you. I understand that Mr Reed was advised that VH Aviation had been subject to an audit in October 2000 and that there may have been some small problems. I am given to understand that it was in fact a desktop audit, if that is the correct terminology, of VH Aviation in October 2000.

Mr Toller—We will take that on notice as part of the whole response we are going to give about the auditing activity with that company over the last three years.

Senator O'BRIEN—Was Mr Reed told that the matter would be investigated and he would be advised of the outcome?

Mr Toller—It certainly is not our normal practice to advise people of the outcomes of investigations. I do not know whether he was told that the matter would be investigated; I would imagine that he was. But it is our policy that we do not ever give people information on the results of our investigations.

Senator O'BRIEN—I understand that Mr Reed was advised of reasons for the delay in the investigation over succeeding months but that the investigation did commence in January this year. Is that right?

Mr Toller—No. The investigation in fact was completed in October. It was finished by 1 November last year. As a result of recommendations made by the investigator, my understanding is we then proceeded to an in-depth risk based audit of the company and, as I said earlier, it is the assessment of both the investigation material and the audit material that is currently under way before a decision on what action may or may not be taken.

Senator O'BRIEN—Can you tell us who oversaw the investigation process?

Mr Toller—My understanding is that the investigator was Mark Davey and he would have reported to his managing officer, Neil Enders, who is currently the acting manager, enforcement and investigations.

Senator O'BRIEN—I am advised that Mr Davey advised Mr Reed that, while evidence may not have been effectively quarantined and therefore a criminal action would be difficult, there was still sufficient evidence to proceed with an investigation and that there was some probability of proceeding to draft a 'show cause' letter.

Mr Toller—I do not think I can comment on that in any shape or form. As I said to you earlier, the evidence of both the investigation and the findings of the audit are currently being reviewed, with an intent to work out what action, if any, will be taken. I do not think I can comment on a statement like that.

Senator O'BRIEN—Can you confirm that on 11 February Mr Stewart McAlister advised Mr Reed that there was insufficient evidence to proceed? It is inconsistent with what you are saying so far, of course.

Mr Toller—I have quizzed Mr McAlister on that and he has no recollection of making a statement of that nature.

Senator O'BRIEN—Did he speak with Mr Reed on 11 February?

Mr Toller—That I do not know, Senator. I believe he did. I know that Mr Reed also wrote it around that time, and exactly what communications were held I do not know, but the question I asked was whether anybody had said to Mr Reed that there was insufficient evidence and no action would be taken or anything along those lines, and it was denied. The reason for it being denied is because no decision has yet been taken. It is very hard for Mr McAlister to have said that, when he is very much aware of the fact that no decision has yet been taken. In fact, he is the person responsible for that office and would be heavily involved in the decision making process.

Senator O'BRIEN—Yes. A conversation took place. Were there any other witnesses?

Mr Toller—To the conversation between Mr McAlister and Mr Reed? I do not know.

Senator O'BRIEN—Presumably you have quizzed Mr McAlister and he says that there were no other witnesses.

Mr Toller—No, I did not quiz him to that extent. I asked him if a statement had been made to Mr Reed to say that no activity would be taken against VH, and he said no, and he was the one who first informed me that the reason why he said no was because no decision had yet been taken.

Senator O'BRIEN—Is Mark Davey still involved in the case?

Mr Toller—I would not imagine so; as the investigator, his report is complete. Perhaps I can clarify the earlier bit, in that what Mr McAlister has written about that discussion on 11 February is that when Jeff Reed rang him and asked him if CASA were taking action against VH Aviation, he says, 'I advised him that none had been initiated at this stage,' which is a little bit different from saying, 'We are not going to take action.'

Senator O'BRIEN—Sorry, that is Mr—

Mr Toller—That is Mr McAlister's recollection of his conversation, his notes of his conversation, with Mr Reed on that day. He says that he advised him that no action had been initiated at this stage, which is a very different thing from saying that no action would be taken.

Senator O'BRIEN—It is a very recent conversation of which there are two recollections.

Mr Toller—There often are, Senator.

Senator O'BRIEN—Is Mr Enders involved in the matter still?

Mr Toller—He most certainly will be, yes. Mr Ilyk might want to comment on that, as Mr Enders' manager.

Senator O'BRIEN—Do you know whether there has been any communication with the minister or the minister's office about this matter?

Mr Toller—I am not aware of any discussions whatsoever with the minister or the minister's office on this matter.

Senator O'BRIEN—Can you check that out, please. The reason I ask is that I want to find out whether the minister or the minister's office has asked to be provided with information on this matter.

Mr Toller—I had a meeting, as you know, with the minister this afternoon. At that meeting, the minister declared to me his interest in the fact that he is distantly related by marriage to Mr Andrew Major, who owns VH Aviation.

He made it very clear to me that, while he uses VH Aviation, he has done so consistently since before his relationship by marriage with the Major family began and has been consistent throughout on that. He did that, he said, on the basis that that was the recommendation given to him at the time as to who the best operator at the airport was. He made it very clear to me that he had not in any way whatsoever influenced or sought to influence the authority because he had had no communications with us. He also stressed to me that it is his rigid policy that under no circumstances does he ever interfere in any of CASA's safety related decisions.

Senator O'BRIEN—So you will check that to absolutely confirm it? I hear what you say.

Mr Toller—Senator, that is the conversation that I had with the minister as of about 4.40 this afternoon.

Senator O'BRIEN—I understand that. I am just asking whether there has been contact with the minister's office before and—

Mr Toller—I will—

Senator Ian Macdonald—Better still, I will refer the minister to the statement Mr Toller has just made. I will give him the *Hansard* report of it and ask Mr Anderson to confirm that or otherwise.

Mr Toller—I will also—which I think is what you are looking for, Senator—confirm it with my staff.

Senator O'BRIEN—Yes, that is what I am looking for.

Mr Toller—I will do that.

Senator O'BRIEN—I understood you would be accurately reporting the comments of the minister. I was not questioning that aspect of your evidence; I was just asking for a clarification on the record, given what will inevitably proceed and given that innuendo is a terrible thing. Is evidence still being collected in relation to the VH Aviation matter?

Mr Ilyk—There is still some investigation under way at the moment in relation to obtaining any evidence that may or may not be required if we decide to take a particular course of action.

Senator O'BRIEN—I have some other questions about this matter but, in the light of your answers, I am not intending to proceed with them today. I indicate the information given to me was of concern but it may be that this is a matter the committee might want to visit in some form or other, and maybe not in the estimates process where we have less options in terms of how we take evidence. Mr Toller, can you tell me what is happening regarding the ATSB recommendation—in particular on the audible cabin pressure alarms?

Mr Toller—On the issue of the audible alarms, an NPRM was drafted. It did not have board or executive approval in the form in which it was drafted. It was felt that it was not a balanced document, therefore that NPRM is currently being reviewed and rewritten. That review is due to me by 28 February and I would anticipate therefore the NPRM going out either in March or April of this year. That is in response to that particular ATSB recommendation.

Senator O'BRIEN—Thank you.

Mr Toller—We have already been through the discussion paper part of that process. It was the assimilation of the responses to the discussion paper into the NPRM that we did not believe was quite accurate, and that is what we are reviewing.

Senator O'BRIEN—Can I get some detail on which of the ATSB recommendations are outstanding that you have not responded to?

Mr Toller—Yes. The ATSB annual review made us aware of a situation whereby there were some that we believed had been responded to that it appeared had not been responded to, or that had not been closed off on the ATSB's books. What I therefore asked for was a complete trawl right back through the whole of the ATSB files for any possible ones that may be outstanding. We are doing that process to a large extent with the ATSB, with the intent of making sure that we clean the sheet. I have also set in place new processes to make sure that future recommendations are tracked better than they have been up until now and also have made a commitment that we will respond within the 60 days required by the ATSB, or we will have the ATSB's agreement to an extension of that delay.

Senator O'BRIEN—Was it required by the ATSB or required by your MOU with them?

Mr Toller—The 60 days, I believe, is required by the Air Navigation Act. Our MOU obviously is—

Senator O'BRIEN—It is worse, then, if you have been in breach of the act.

Mr Toller—That may well be the case. I will fall on my sword.

Senator O'BRIEN—I did not think it was that serious. How many of the QF1 Bangkok recommendations have been responded to?

Mr Toller—This is an interesting one because we have every belief that we responded to the ATSB, but the ATSB cannot find the response. We can find the response but cannot find a signed version of the response.

Senator O'BRIEN—They do not have a signed version either?

Mr Toller—They do not have a signed version either, but our file suggests that it was signed and sent. As a result—obviously that response is now a little dated—we are updating our response and that will be with them shortly.

Senator O'BRIEN—What was wrong with the original response?

Mr Toller—I think it is just a question of the time line in which you are writing; other things will have been done since. There were activities that were proposed in the response, which is a fairly complex response, some of which have already been completed, obviously.

Senator O'BRIEN—All right, that explains it a bit better. When will the response be made? I wanted to find out what your response was. How can we find that out in an expeditious way without having to wait until the next estimates to ask ATSB to tell us what you said?

Mr Toller—I am happy to table our response to the ATSB when we write it, and pass it to the committee.

Senator O'BRIEN—In relation to the Whyalla report from ATSB, have you responded to those recommendations?

Mr Toller—I am advised that our response is just being finalised. Apparently it is not due until the end of next week and it will be with the ATSB on time. I am also informed that the

previous statement I made about CASA tabling its response to the ATSB may not be possible. Only the ATSB can publish the response and, therefore, that might be a request that you will have to make of Mr Bills. It is not that we have anything to hide; it is the protocols of the process.

Senator O'BRIEN—Okay. Perhaps you can pass that on to Mr Bills.

Mr Yuile—We will take it on notice.

Senator O'BRIEN—In either case, does the response need to be considered, or has it been considered, by the CASA board?

Mr Toller—It has not, at this stage, been considered by the CASA board. It is not the normal process for ATSB responses to be considered by the CASA board, although they are obviously informed and have the responses copied to them. They are also considered at the safety committee which meets bimonthly and which reports to the board and which also has a board member on it.

Senator O'BRIEN—Can you tell me, Mr Toller, the outcome of the independent review of the CASA public relations effort in relation to the Ansett matter? I know Mr Gibson came in for some criticism, as I recall it. What was the result of that independent assessment?

Mr Toller—It was a little more forgiving of Mr Gibson than some of his external critics, interestingly. There were a significant number of recommendations and, at the moment, those recommendations are being formulated into an action plan. They include all sorts of things, such as having certain elements of training for certain members of the authority and the provision of PR strategies for certain issues. I have not seen that document since it was in draft form because I am waiting for it to be produced to me with the action plan and I would imagine that that would be fairly soon. I do not think I actually put a date on it for this month, but it will certainly be in March.

Senator O'BRIEN—So you have the assessment; it is the action plan you are waiting on?

Mr Toller—Yes. We have the independent consultant's report in its final form and that, as I say, is with the relevant manager to be turned into an action plan.

Senator O'BRIEN—Is there any reason why the independent report cannot be supplied to the committee?

Mr Toller—My only concern is there may be privacy reasons, in view of the fact that certain people are named within it.

CHAIR—Would you like to take that question on notice?

Mr Toller—I will take that question on notice, certainly. We may be able to give you the executive summary or something like that. One of the issues is that even though comments made by people who were interviewed in the process—and I think this would probably include yourself, Senator—are anonymous, it is very easy to work out who said what.

Senator O'BRIEN—Not in my case—if I said anything. On another matter, who currently holds the Ansett air operating certificate and maintenance certificate of approval? I understood it was Mr Trevor Jensen, who I do not believe is still connected with the airline.

Mr Toller—No. I chuckled, because when one talks Ansett, of course one has to work out whether one is talking of Ansett I, II or III; whether it is Tesna; whether it is a mob at the moment called Queens Cross. It is going through all sorts of various holding companies. The situation, if I can just give it to you in the general, is that despite statements that he has made

in public Mr Jensen never held an AOC of any description for anybody. The AOC is held by a company and it is still held by the company. Up until the time he left Ansett Mark II, Mr Jensen was recognised as the chief executive officer of the company for AOC purposes, which normally goes to the top operational person in a big airline rather than to the CEO.

Senator O'BRIEN—What process is required for transfer from whatever current holder of those AOCs and certificates of approval to a future operator? Is it a transfer process? Is it a new AOC and new certificate of approval process? How does it work?

Mr Toller—In simple terms, if the ownership of the company changes—which can include the name of the company but there is no practical change to the operations of the company—all we do effectively is change the name on the certificate. In the case of Ansett, it is a little more complex than that because Tesna is buying the airline—in other words, the AOC—but it is not buying the maintenance organisation—in other words, the certificate of approval. The certificate of approval does not change; that will continue to be in the name of the administrator, or administrators, who will continue to run the maintenance side of what was Ansett. Tesna will take over, as the new Ansett, the air operator certificate. That has caused us a reasonable amount of work because of the separation of those two. That work has been completed. It included a rewrite of manuals, which has been done, and they took the opportunity at that stage to significantly improve their manuals as they did it.

Senator O'BRIEN—Assuming everything else works, it will be a seamless transition?

Mr Toller—We were prepared for a seamless transition on 1 February and had put a lot of work in, including people working every weekend and through Christmas to achieve that, on both sides. We are, therefore, effectively in a position to move as soon as we know the final details, which include which aircraft Ansett is going to operate. That has not yet been determined, to my knowledge. It is expected to be determined maybe today or tomorrow.

Senator O'BRIEN—What is the process that has to be followed to enable aircraft operated by Ansett II—or whoever—to get back into the air?

Mr Toller—As I say, we do not know yet finally which aircraft Ansett III—if I can use that expression—or Tesna are going to be using, because some of them are subject to lease negotiations which are still ongoing. They will be the aircraft that are currently in the skies anyway, which are operating on behalf of the administrator, and if there are other additional aircraft that are coming back into the fleet, these aircraft have been subject to an ongoing maintenance program to ensure they are ready to fly.

Senator O'BRIEN—At the last hearings I asked about a report from PricewaterhouseCoopers entitled *Functional and resource analysis: final report October 2000*. Mr Comer told us that CASA was moving to the definition planning phase and that he expected that phase would be completed by the end of last year. Can you update us on where this process is?

Mr Toller—I will ask Mr Comer to do that, seeing as he lives and breathes it at the moment.

Mr Comer—We had quite a discussion, as I recall it, in May. As a result of that we also provided some information on notice. The ASRIP process is fundamentally on schedule. I think at the time we indicated to you that the detailed planning stage would start around October and the results of that would be considered by the board towards the end of the first quarter of this year. In October we appointed Accenture as the discovery contract consultant. We engaged them on a 16-week contract.

Senator O'BRIEN—What did you describe them as?

Mr Comer—Accenture. They are engaged on a 16-week contract. They are due to deliver the results of their detailed planning to the CASA board at their March meeting.

Senator O'BRIEN—So that is the detailed business case that you are referring to that they are preparing?

Mr Comer—That is correct. Our intention is that, subject to the approval of that implementation program, there will be a seamless transfer of that work starting in April. The construct of the contract, what we call our discovery contract, is in such a way that subject to Accenture providing the deliverables under that contract, including the detailed planning and the documentation that goes with that, there is a seamless arrangement whereby we would proceed straight to implementation in April, subject of course to the approval by the board of the final components of that implementation program.

Senator O'BRIEN—Of a business plan?

Mr Comer—That is correct.

Senator O'BRIEN—A functional and resource analysis is the preparatory stage to the preparation of a business plan for CASA.

Mr Comer—You might recall, Senator, that we were aware that we had to replace our IT systems—we were aware that we had a new regulatory environment to prepare for—so we did a functional resource analysis of all our business processes. That was done by PricewaterhouseCoopers. That was then the subject of an EOI, an RFT type process, which resulted in Accenture winning the discovery contract.

Senator O'BRIEN—An EOI and what?

Mr Comer—That is an expression of interest, and then a requirement for tender, so there is a selection process to appoint a tenderer, which was quite a rigorous process.

Senator O'BRIEN—Was it an open tender or a selective tender?

Mr Comer—It was an open tender. The expression of interest process is one by which you call for expressions of interest, obviously, and then you arrive at a short list. Then you go through a short list process and ultimately select the winning tenderer. That was the process which Accenture were successful in winning. The functional resource analysis material was the reference material that Accenture used to start the detailed planning process. What Accenture also did was to look at the capability of the organisation to embark upon what is a very major program, and in the language we call that a top down approach. We are now marrying together their work of doing this capability analysis with the work that PricewaterhouseCoopers have done, and the result of all that is your business case.

Senator O'BRIEN—You describe this process as ASRIP. What does that stand for?

Mr Comer—Aviation Safety Regulatory Improvement Program.

Senator O'BRIEN—How much has been spent on this program for this current financial year?

Mr Comer—For the current financial year the value of the work done to the end of January is \$2.3 million.

Senator O'BRIEN—And what is the expected expenditure in this financial year?

Mr Comer—Up until the point of deciding on the implementation program, we expect the expenditure to be in the order of \$5.4 million.

Senator O'BRIEN—Which decision will be made after the March board meeting.

Mr Comer—That is correct, Senator.

Senator O'BRIEN—What is the consultancy with Accenture worth?

Mr Comer—The value of their contract is in the order of \$2.5 million.

Senator O'BRIEN—How many personnel are they providing for this work?

Mr Comer—It varies, but at the moment and over the last number of weeks the total workforce on the project has been about 45. There are a little over 30 Accenture people full-time and the rest are CASA staff seconded to the project.

Senator O'BRIEN—Is there a budget for the financial year 2002-03 or is that waiting for this business plan to be adopted?

Mr Comer—That is correct, Senator. We expect that the whole process will be an extensive one, where some projects will have higher priorities than others. We may well not be in a position to do all projects, so it is a very deliberate process where the business case information is sufficient for the board to prioritise the number of projects that will be done, with some priority to be given to what we call the implementation of the new regulation reform plan alongside our business improvement project, so it is quite a major program of work.

Senator O'BRIEN—These consultants are not working on regulation reform, are they?

Mr Comer—The consultants are not writing the regulations. They are, however, providing advice in terms of the best processes by which those regulations can be developed, in terms particularly of program management, for example, because one of the values that we saw in a company like Accenture, a world leading consulting firm, is that they would bring into CASA program and project management skills of an order which we had not previously possessed. So we are applying those techniques across all of our business processes.

Senator O'BRIEN—And this is encompassing an information technology upgrade, is it?

Mr Comer—It is. The whole process is initially business driven, then we will look at the most appropriate IT environment within which to run those business processes.

Senator O'BRIEN—There has been a considerable amount of money spent on information technology work over the past four years, hasn't there, Mr Comer?

Mr Comer—That is correct. We have provided a number of responses to questions you have raised in relation to that. The thing that is often forgotten is that in the last two years CASA has had a very successful record in implementing IT projects. Prior to that two-year period, there were a couple of projects where difficulties were experienced, which is not unusual for IT projects, but in the last two years we have had some quite successful projects delivered.

Senator O'BRIEN—What has happened with the litigation or potential litigation arising out of some of the earlier contracts?

Mr Comer—That is ongoing.

Senator O'BRIEN—Do you have a cumulative total of the amount spent on IT infrastructure over the period we have been discussing?

Mr Comer—In May we gave you a figure—

Senator O'BRIEN—I have only got here what you allocated for ASRIP.

Mr Comer—Senator, in the previous question we responded to we advised it was \$9.3 million over four years, and that presumably was at a date of somewhere like May last year. As you might recall, that included the Y2K process as well.

Senator O'BRIEN—So when the board makes this decision, there will have been \$15 million spent on these business system reforms and upgrades.

Mr Comer—I think you need to separate out the business development process from the IT process. What we are fundamentally doing at the moment is developing business driven solutions to our processes. What IT we put with that is then another step in that process, so part of the \$5 million that I was talking about for this financial year will be business development; part of it will be IT infrastructure, but it will not be all IT infrastructure.

Senator O'BRIEN—The IT infrastructure is about getting CASA working efficiently, isn't it?

Mr Comer—That is correct.

Senator O'BRIEN—And it is what this functional analysis and review is all about, isn't it?

Mr Comer—That is correct. We want to get to the most efficient, effective processes, and where IT is a benefit in that we will use it.

Senator O'BRIEN—So to get to that point over about four years, over about \$15 million will have been spent. That is before you start on the next phase of IT infrastructure improvement and other expenditure, whatever that might be, arising out of the business plan being adopted.

Mr Comer—I do not believe it is as simple as that, for the simple reason that within the \$9 million there were amounts spent on delivered systems that are operational now.

Senator O'BRIEN—Sure, and some of those will remain and some might be replaced.

Mr Comer—That is right, yes.

Senator O'BRIEN—But the money has still been spent.

Mr Comer—The money has been spent, yes.

Senator O'BRIEN—And it is still being spent in this process over four years, driving towards, but at this stage not having achieved, the efficient operation of CASA that is desired.

Mr Comer—At a whole of business level that is correct.

Senator O'BRIEN—Yes, so what I am saying is that you will have spent approximately \$15 million when this matter goes to the board in March, on figures you have given us. That is before you decide what you are going to spend in the next phase. By 'you', I mean the board, CASA.

Mr Comer—Yes, that is correct, Senator.

Senator O'BRIEN—There are subprojects within this process. I think you have touched on some of them. There is some suggestion that one of the proposals being considered is returning the drafting of regulations to the department. Can you clarify that matter for me, Mr Toller?

Mr Toller—I know that it is a proposal that has been put forward by one particular person. I know that the chairman, in his review of CASA, which he is undertaking at this stage, has agreed to add that to his terms of reference to see if that is a workable, satisfactory or even preferable model. He is due to report sometime by the middle of this year to the minister, and that is a report that he is doing individually. It is not a board situation. It is something he is doing individually at the request of the minister.

Senator O'BRIEN—At the same time, Accenture is working on how CASA will work on regulations. Is that right?

Mr Toller—Yes, it is, because we cannot prejudge, obviously, the results of any other inquiry. I believe that the work that Accenture does and the work that we do with it will be valuable in helping the chairman to make his decision as to what is the best course ahead. That is part of the work it is doing at the moment.

Senator O'BRIEN—The chairman is going to sit on the board considering the proposed business plan and then he is going to go out and review whether part of that business plan should in fact be part of the business plan.

Mr Toller—Yes, in some ways.

Senator O'BRIEN—Well, it seems pretty straightforward, doesn't it? That is what is going to happen.

Mr Toller—It does. I cannot answer for the chairman in terms of what his thought processes are, as to where he believes what I believe is a very small element of his overall review of the authority may lead. I will give you my personal opinion, which is that there is overwhelming evidence that giving regulatory development to the department would not work particularly well. I call it the dead cat syndrome, whereby they would develop the regulations and then just toss them over the wall like a dead cat into CASA's lap. I do not think it recognises the totality of regulation, which is what we would almost describe now as a life cycle of regulation, from its inception through its implementation, through the phase in which it is the lifeblood of the industry in terms of what they have to do—and therefore the compliance regime—to a stage where you realise that changes are needed and it moves again. If you break that, then you have got to understand what the consequences of the break in that life cycle would be. As I say, to me it is a dead cat.

Senator O'BRIEN—I am sure the chairman will take that as your submission.

Mr Toller—He might get a stronger one from me later, more officially, Senator.

Senator O'BRIEN—Can you tell me what the actual staffing level is at CASA and what the establishment level is?

Mr Toller—Senator, as I understand it at the moment, our establishment that I have approved is 740, if we were to be able to fill every single body in the place. We anticipate that we are moving towards probably filling to about the 92 or 93 per cent level, which would be reasonable. We are sitting around 91 per cent at the moment, as I understand it. The totals would add up at the moment to around 638 permanent staff, about 43 agency staff and about 32 temps, which looks like about 713 out of 740. Some of those permanent staff have not yet translated into the new structure; there are 22 of those. We have 47 recruitments in progress at the moment, so those 47 include filling the 22 positions of the permanent staff. Also we would obviously be taking over from a number of the temporary staff. Let us just say we are

in a significantly healthier position than we have been when we have discussed this at previous estimates.

Senator O'BRIEN—Yes, we are pretty close to the 740 mark, at 713. That is probably the closest you have been.

Mr Toller—That is right.

Senator O'BRIEN—During the last hearings I asked some questions about the leaked internal audit report, which I am sure you recall, and you told me that that report had been handed on to external auditors for completion. Those external auditors were tasked with the job of airline officers' AOC and COA processes. Can you tell me where that process has got to, what the outcome of the audit was and what, if any, action has been taken, if it has been completed?

Mr Toller—Certainly, Senator. I will ask my risk manager to answer those questions because she has been very much at the core of the whole of that process.

Ms Nagle—CASA engaged KPMG to complete that audit. The audit has now been completed and the report was provided to CASA in November of last year.

Senator O'BRIEN—And what did the audit find?

Ms Nagle—The audit produced, I think, 18 recommendations. Management has agreed all of those recommendations and an action plan has been developed to put into place solutions to those recommendations.

Senator O'BRIEN—But what did it find before it made recommendations?

Ms Nagle—The recommendations fell into three broad categories.

Senator O'BRIEN—It must have made findings upon those recommendations, and I am asking you what they were.

Ms Nagle—The findings fell into three broad categories: matters that represent breakdowns in processes and internal controls; management issues to be raised and discussed—there were three recommendations in that category; and there were nine business improvement recommendations.

Senator O'BRIEN—How did it vary from the document I was talking about, the so-called leaked internal audit report?

Ms Nagle—Again, Senator, I am not quite clear what you are asking there.

Senator O'BRIEN—I just wanted to know whether it agreed, in general terms, with the internal document that we discussed in May.

Ms Nagle—The report that was leaked to the media in May contained—there was a lack of clarity in that report when we subjected it to independent review, particularly in relation to the objectives of that report and the actual planning process; hence the original objectives that had been set by AD Compliance were not actually achieved in that review. KPMG were re-engaged at the request of AD Compliance to complete the objectives or the original review that had not been satisfied in that first process.

Senator O'BRIEN—They did a better review and their findings differed. That is what I am trying to find out about—the difference.

Ms Nagle—The findings were different because the objectives were never satisfied in that original report. That was his request: to have a look at those processes specifically within the airline office.

Senator O'BRIEN—Mr Toller, can we see a copy of the KPMG report?

Mr Toller—I think the issue there is still the intellectual property of KPMG, Senator.

Senator O'BRIEN—You are paying for it, are you not?

Mr Toller—We are and therefore I would have to take that one on notice. It is probably one of the best audit reports I have ever read in terms of its ability to get to the core of the problem.

Senator O'BRIEN—They will love you to publish it, won't they?

Mr Toller—One does not normally like auditors, Senator, but this one is a particularly good, high quality report which has been very valuable to the organisation. I am certainly comfortable about passing to the committee the recommendations from that report, but I will take it on notice as to whether it is appropriate for the committee to see the whole report.

Senator O'BRIEN—All right. Was KPMG asked to look at the outsourcing of the internal audit process?

Ms Nagle—I believe, Senator, before I commenced my employment in CASA, KPMG had provided a review to the board about the internal audit function. There were a number of recommendations in that report. I have not seen the final of that report, but I believe they made several recommendations which also included the addition of the risk function at that stage as part of the board audit committee's function.

Senator O'BRIEN—I was just thinking about the process of an external auditor reporting on an internal auditor and whether they would have to declare a conflict of interest if they were suggesting that it be outsourced.

Mr Toller—The outsourcing report from KPMG pre-dated by quite some time the work that they then did. Effectively, having recommended outsourcing, which was agreed by the board, the board then went to a tender process for internal audit for the current financial year. That has now been shared between three external providers—one of which is KPMG—and that is how they were asked to do this particular audit. There are two others who are doing other audits internally for us at the moment.

Senator O'BRIEN—So internal audit does not exist now?

Mr Toller—Internal audit still has a manager who is a single person responsible to the risk manager for putting together the program and ensuring that the program is undertaken by the external auditors.

Senator O'BRIEN—I do not have any more questions about that. I have questions which would have taken us to 11 p.m., wherein lies the matter I indicated. I did not want to proceed publicly at this stage. I do not have any more questions for CASA at this time.

CHAIR—Thank you very much, Mr Toller and your officials, for your attendance tonight. That completes the questioning of CASA. We still have Airservices Australia to do at a subsequent time. We will notify you of a convenient time for the minister and for the committee. This hearing now stands adjourned. I thank the minister and Mr Yuile and his staff for their cooperation today.

Committee adjourned at 10.42 p.m.