

The Senate

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Rural and Regional Affairs  
and Transport  
Legislation Committee

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Additional estimates 2013–14

March 2014

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## Membership of the Committee

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Senator the Hon Bill Heffernan	LP, New South Wales	Chair
Senator Glenn Sterle	ALP, Western Australia	Deputy Chair
Senator the Hon Ronald Boswell (to 3 March 2014)	NATS, Queensland	
Senator Sean Edwards	LP, South Australia	
Senator Sue Lines	ALP, Western Australia	
Senator Barry O'Sullivan (from 3 March 2014)	NATS, Queensland	
Senator Rachel Siewert	AG, Western Australia	

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# Chapter 1

## Introduction

1.1 On 13 February 2014, the Senate referred the following documents to the Rural and Regional Affairs and Transport Legislation Committee (the committee) for examination and report in relation to the Agriculture portfolio and the Infrastructure and Regional Development portfolio,:

- particulars of proposed expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No.3) 2013-14]; and
- particulars of certain proposed expenditure in respect of the year ending on 30 June 2014 [Appropriation Bill (No.4) 2013-14].<sup>1</sup>

1.2 The committee is required to report to the Senate on its consideration of 2013-14 additional estimates on 18 March 2014.

### Variation of portfolios

1.3 On 12 November 2013, the Senate amended the continuing order relating to the allocation of departments and agencies to committees.<sup>2</sup> The change of allocations reflected the Prime Minister's announcement regarding the machinery of government changes.<sup>3</sup>

### Additional Estimates hearings

1.4 The committee considered the Portfolio Budget Statements 2013-14 for all portfolios at hearings on 24 and 25 February 2014. The hearings were conducted in accordance with the agreed agenda as follows:

- Monday 24 February – Infrastructure and Regional Development; and
- Tuesday 25 February – Agriculture.

1.5 The committee heard evidence from:

- Senator the Hon David Johnston, representing the Minister for Infrastructure and Regional Development,
- Senator the Hon Eric Abetz, representing the Minister for Agriculture; and

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1 *Journals of the Senate*, No. 14, 13 February 2014, p. 484.

2 *Journals of the Senate*, No. 1, 12 November 2013, p. 16.

3 The Hon Tony Abbott MP, Prime Minister of Australia, 'The Coalition will restore strong, stable and accountable government', media release, 18 September 2013. For more information see <http://www.pm.gov.au/media/2013-09-18/coalition-will-restore-strong-stable-and-accountable-government>

- Senator the Hon Richard Colbeck, Parliamentary Secretary to the Minister for Agriculture.

1.6 Evidence was also provided by:

- Mr Mike Mrdak, Secretary of the Department of Infrastructure and Regional Development;
- Dr Paul Grimes, Secretary of the Department of Agriculture;
- officers representing the departments and agencies covered by the estimates before the committee.

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

### **Changes to departmental structures**

1.8 Under the Administrative Order of 18 September 2013, the Department of Infrastructure and Transport was renamed the Department of Infrastructure and Regional Development. The Department of Regional Australia, Local Government, Arts and Sport was abolished with functions relating to regional development, local government and territories being transferred to the Department of Infrastructure and Regional Development. The relevant outcomes relating to these functions are Outcomes 3 and 4.<sup>4</sup>

1.9 The Sugar Research and Development Corporation (SRDC) closed on 30 September 2013 with functions, assets and research being transferred to the industry-owned company Sugar Research Australia. The Agriculture portfolio roles and responsibilities have not changed since the publication of the 2013-14 Portfolio Budget Statements.<sup>5</sup>

### **Questions on notice**

1.10 In accordance with Standing Order 26, the committee is required to set a date for the lodgement of written answers and additional information. The committee resolved that written answers and additional information be submitted by 17 April 2014.

### **Additional information**

1.11 Answers to questions taken on notice at the committee's Additional Estimates hearings will be tabled in the Senate in separate volumes entitled 'Additional information relating to the examination of Additional Estimates 2013-14

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4 Portfolio Additional Estimates Statements 2013-14, *Infrastructure and Regional Development Portfolio*, p. 13.

5 Portfolio Additional Estimates Statements 2013-14, *Agriculture Portfolio*, p. 3.



February 2014, Senate Rural and Regional Affairs and Transport Legislation Committee'. Documents not suitable for inclusion in the additional information volumes will be available on request from the committee secretariat.

1.12 Answers to questions on notice received from the departments will also be posted on the committee's website at a later date.<sup>6</sup>

### **Note on references**

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

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6 Answers to questions on notice, once received, will be published at the following website address:  
[http://www.aph.gov.au/Parliamentary\\_Business/Senate\\_Estimates/rtratctte/estimates/add1314/index](http://www.aph.gov.au/Parliamentary_Business/Senate_Estimates/rtratctte/estimates/add1314/index)



# Chapter 2

## Portfolio Bodies

2.1 This chapter contains the key issues discussed during the 2013-14 Additional Estimates hearings for the Infrastructure and Regional Development portfolio and the Agriculture Portfolio.

### Department of Infrastructure and Regional Development

2.2 The committee heard evidence from the Department of Infrastructure and Regional Development (the department) on Monday, 24 February 2014. The hearing was conducted in the following order:

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

### Corporate Services

2.3 The committee discussed whether the government had set a regulatory performance target for the department, and was advised that an indicative saving of \$60 million per annum had been allocated to the portfolio. In response to questions about how performance will be measured against the target, Mr Mrdak, Departmental Secretary, advised the committee that he would look at performance arrangements in the department as necessary but ultimately performance requirements rest with the Secretary.<sup>1</sup>

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1 *Estimates Hansard*, 24 February 2014, p. 7.

2.4 The committee discussed work the department had undertaken since September 2013 to reduce regulation, and was advised by Mr Mrdak that a senior officer in the department had been charged with responsibility for deregulation in the department. He also advised that a team had been established within the policy group to identify areas for action to reduce regulatory burden.<sup>2</sup>

### **Infrastructure Investment and Infrastructure Australia**

2.5 In continuation of discussion from previous estimates hearings, the committee sought an update on the following infrastructure projects:

- East-West road project;
- West Connex project; and
- Peninsula Development Road.

2.6 The committee discussed funding for road projects and the government's proposed investment program across state and territories. The committee heard that the government had made commitments to fund 80 per cent of projects in the forward program, relating to two major highways – the Bruce Highway and the Pacific Highway with 80 per cent of funding being derived from the Commonwealth, and 20 per cent from the states.<sup>3</sup>

### **Civil Aviation Safety Authority**

2.7 The committee raised the issue of colour-vision-deficient pilots and the colour assessment diagnosis test (CAD) developed by the Civil Aviation Authority (CAA) in the UK. Concerns were raised that, in an environment where the industry is struggling to attract and retain pilots, the introduction of the CAD test could see pilots who have been flying safely in Australia for decades having their privileges withdrawn.<sup>4</sup>

2.8 The committee heard that CASA was not aware of any specific cases of pilots' privileges being withdrawn but acknowledged that there is a standard for the eyesight test which is applied by the International Civil Aviation Organisation (ICAO).<sup>5</sup>

2.9 It was also advised that CASA had 'not necessarily committed to using the test in all cases.'<sup>6</sup>

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2 *Estimates Hansard*, 24 February 2014, p. 7.

3 *Estimates Hansard*, 24 February 2014, p. 26.

4 *Estimates Hansard*, 24 February 2014, pp. 54-55.

5 Mr McCormick, Chief Executive Officer, Civil Aviation Safety Authority, *Estimates Hansard*, 24 February 2014, p. 55

6 Mr Fereday, Executive Manager, Civil Aviation Safety Authority, *Estimates Hansard*, 24 February 2014, p. 54

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## **Australian Transport Safety Bureau**

2.10 The committee followed up concerns from the references committee report into the Pel-Air investigation. The committee asked why the ATSB was standing by their report after Mr Dolan, the Chief Commissioner of ATSB, stated during the committee inquiry, that he was not proud of the report and would not hold it as a benchmark.<sup>7</sup>

2.11 Mr Dolan explained that the investigation is complete and the report as published will stand. He clarified that, from a legal perspective, the report could not be withdrawn, and could only be amended and reopened if new and significant information came to light.<sup>8</sup>

2.12 The committee discussed the Transportation Safety Board (TSB) of Canada's review into the investigation and the parameters in place to ensure independence of the TSB during the review.<sup>9</sup>

## **Australian Maritime Safety Authority**

2.13 The committee sought information from officers regarding AMSA's safety standards for lifesaving appliances and whether AMSA had conducted inspections on Customs vessels to ascertain whether they met the relevant standards.<sup>10</sup>

2.14 The committee heard that '[for] the vessels we have jurisdiction over, which are required to have lifesaving appliances on board under the [Safety of Life at Sea] Convention, we have the responsibility for making sure that they meet the appropriate standards[.]'<sup>11</sup>

## **Surface Transport Policy**

2.15 The committee discussed the possibility of mandating electronic stability control on new dangerous goods tankers in Australia after two fatal crashes involving fuel tankers in New South Wales.<sup>12</sup>

2.16 Mr Mrdak told the committee that 'we would certainly support an expedited process of improved stability control, particularly for trailers carrying petroleum products.'<sup>13</sup>

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7 *Estimates Hansard*, 24 February 2014, p. 66.

8 *Estimates Hansard*, 24 February 2014, p. 66.

9 *Estimates Hansard*, 24 February 2014, p. 65.

10 Mr Kinley, Deputy Chief Executive Officer, Australian Maritime Safety Authority, *Estimates Hansard*, 24 February 2014, p. 100.

11 *Estimates Hansard*, 24 February 2014, p. 100.

12 *Estimates Hansard*, 24 February 2014, p. 113

## Department of Agriculture

2.17 The committee heard evidence from the Department and agencies of the Agriculture portfolio on Tuesday 25 February 2014. The hearing was conducted in the following order:

- Finance and Business Support, People and Service Delivery, Governance, Information Services, Office of the General Counsel;
- Agricultural Productivity;
- Australian Wool Innovation Limited;
- Rural Industries Research and Development Corporation;
- Grape and Wine Research and Development Corporation;
- Wine Australia Corporation;
- Biosecurity—Policy;
- Biosecurity—Plant
- Australian Chief Plant Protection Officer;
- Biosecurity—Animal;
- Live Animal Exports Division;
- Meat and Livestock Australia;
- Australian Livestock Export Corporation Limited;
- Trade and Market Access;
- Grains Research and Development Corporation;
- Interim Inspector-General of Biosecurity;
- Australian Pesticides and Veterinary Medicines Authority;
- Australian Fisheries Management Authority;
- Fisheries Research and Development Corporation;
- Food Export Certification;
- Border Compliance;
- Post Entry Quarantine Program;
- Australian Bureau of Agricultural and Resource Economics and Sciences;
- Agricultural Adaptation and Forestry; and
- Sustainable Resource Management.

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## **Finance and Business Support, People and Service Delivery, Governance, Information Services, Office of the General Counsel**

2.18 The committee discussed staffing reductions in the biosecurity area. The department advised that the Border Compliance Division had reduced by 53.6 full time employees from a total of 2,062 staff over the course of this financial year.<sup>14</sup> The department noted that they are in the process of a voluntary redundancy program.

2.19 The committee also heard that, as at the end of January 2014, the Biosecurity Import Conditions System (BICON) had cost \$25.3 million for system development and \$23.1 million for content, re-engineering, program management and business reform. The department advised the committee that through the project, the department will be able to provide concise information on import requirements into Australia.<sup>15</sup>

## **Wine Australia Corporation and the Grape and Wine Research Development Corporation**

2.20 The committee discussed with representatives of the Wine Australia Corporation and the Grape and Wine Research and Development Corporation their pending merge into the Australian Grape and Wine Authority (AGWA).<sup>16</sup>

### **Biosecurity—Plant**

2.21 The committee asked witnesses about progress and responsibility for implementing the National Fruit Fly Strategy (NFFS). The committee heard that progress on the NFFS appears to have stalled:

The Fruit Fly Strategy is sitting with Plant Health Australia. There have been efforts to have an implementation group of governments and industry to oversee it and try to take charge of the various projects. That implementation group has not met in recent times—or necessarily been formed.<sup>17</sup>

2.22 Noting the committee's concerns regarding recent fruit fly outbreaks in Western Australia, Queensland and South Australia, the committee was informed that: 'The responsibility for the on-ground management of fruit fly rests with the states and with industry.'<sup>18</sup>

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14 *Estimates Hansard*, 25 February 2014, p. 9.

15 *Estimates Hansard*, 25 February 2014, pp. 11-12.

16 *Estimates Hansard*, 25 February 2014, pp 23–26.

17 Mr Aldred, First Assistant Secretary, Biosecurity—Plant, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 31.

18 Mr Aldred, First Assistant Secretary, Biosecurity—Plant, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 31.

## Live animal exports and Biosecurity—Animal

2.23 The committee discussed with witnesses the live animal export trade. The committee heard that:

...industry is keen to reopen trade where [Supply Chain Assurance Scheme]-compliant supply chains can be established, and there have been discussions across a whole range of different countries, including Bahrain. The government has made very clear its intention to do what it can to reopen the trade, to increase the trade, because of its value to the Australian rural economy.<sup>19</sup>

2.24 The committee was informed that in response to the live animal export suspension there has been an increase in the importation of Australian boxed chilled and frozen meat to some markets.<sup>20</sup>

2.25 The department reported that there were eight Export Supply Chain Assurance System (ESCAS) investigations underway in Asia, the Middle East and Africa. These inquiries relate to the treatment of sheep and cattle exported from Australia.<sup>21</sup>

2.26 It was emphasised to the committee that the greatest challenge for Australian exporters in complying with ESCAS pertained to the treatment of animals after their arrival at their foreign destination:

The exporters have contracts with their importers in the other country, and it is up to the importers and their staff to fulfil the contracts they have made with the exporter, and the exporter to enforce the conditions or to encourage the importer to do that. If you think about the number of stock that are sent overseas and the ability to track all of them, you would see that it is quite easy for stock to go missing. I think that that is the most difficult part that exporters have to deal with.<sup>22</sup>

2.27 In spite of these challenges, the committee heard that Australian efforts had significantly improved the standards of animal welfare in export markets such as Indonesia, where the Australian Livestock Export Corporation Limited was able to report:

Before 2011 and the ban, only probably five per cent of cattle were stunned. At the moment, in 2014, we have 80-plus per cent and this is continuing to grow every day. When you look at it, that is a vast improvement in animal

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19 Mr Glyde, Deputy Secretary, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 38.

20 Mr Glyde, Deputy Secretary, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 38.

21 Dr Clegg, Assistant Secretary, Live Animal Export Division, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 39.

22 Dr Clegg, Assistant Secretary, Live Animal Export Division, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 40.



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welfare standards in Indonesia and it is a credit to the Indonesian importers, the abattoirs there, and the cooperation they have between the exporters in Australia to get that outstanding job done.<sup>23</sup>

## **Food Export Certification**

2.28 The committee heard that the department was working on ways to improve the legislative requirements for the food export certification. The committee heard that the cost of registration and establishment a real deterrent to producers entering the export market.<sup>24</sup>

2.29 It was emphasised to the committee by the department that:

We are always looking to try to find ways in which we can encourage export. The future of Australian agriculture is through export, given that two-thirds of what we produce is exported, We have to try to find ways that we can meet the requirements of the countries that these products are going to in the least cost way so that we are not discouraging people out of exporting.<sup>25</sup>

## **Agricultural Adaption and Forestry Division**

2.30 The committee discussed available funding for Farm Finance and how this was to be allocated across the jurisdictions. The committee heard that there was a total of \$40 million allocated for 2014–15 and that this funding could be reallocated to any jurisdiction on a needs basis.<sup>26</sup>

2.31 It was emphasised by the Minister at the table that the program was designed to assist farmers in need and that 'we would take very seriously the demand that comes through the program in reflecting that need.'<sup>27</sup>

## **Senator Bill Heffernan Chair**

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23 Mr Galvin, Chairman, Australian Livestock Export Corporation Limited, *Estimates Hansard*, 25 February 2014, p. 46.

24 *Estimates Hansard*, 25 February 2014, p. 84.

25 Mr Glyde, Deputy Secretary, Department of Agriculture, *Estimates Hansard*, 25 February 2014, p. 84.

26 *Estimates Hansard*, 25 February 2014, p. 99.

27 Senator Colbeck, Parliamentary Secretary, *Estimates Hansard*, 25 February 2014, p. 100.



**Appendix 1**  
**Tabled of contents to proof Hansard transcripts**  
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*Infrastructure and Regional Development portfolio*  
**Monday 24 February 2014**

*Agriculture portfolio*  
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## Monday 24 February 2014

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# **Appendix 2**

## **Tabled Documents**

### **Infrastructure and Regional Development portfolio**

#### ***Documents tabled at hearing on Monday, 24 February 2014***

1. Regulatory cost - Regional Airlines. Tabled by Mr John McCormick, Director of Aviation Safety, Civil Aviation Safety Authority (CASA)
2. Comparison of selected CASA and other NAA regulatory fees as at 29 January 2014. Tabled by Mr John McCormick, Director of Aviation Safety, Civil Aviation Safety Authority (CASA)
3. Opening statement. Tabled by Mr John McCormick, Director of Aviation Safety, Civil Aviation Safety Authority (CASA)
4. National Land Transport Network - Road Corridors. Tabled by Mr Mike Mrdak, Secretary, Department of Infrastructure and Regional Development
5. Fatal heavy vehicle crashes Australian quarterly bulletin Apr-Jun 2013. Tabled by Dr Gary Dolman, Head of Bureau, Infrastructure Policy and Research, Department of Infrastructure and Regional Development
6. Fatal heavy vehicle crashes Australian quarterly bulletin Jan-Mar 2013. Tabled by Dr Gary Dolman, Head of Bureau, Infrastructure Policy and Research, Department of Infrastructure and Regional Development

### **Agriculture portfolio**

#### ***Documents tabled at hearing on Tuesday, 25 February 2014***

1. Current status of signed-on jurisdictions and associated program data. Tabled by Mr Mark Tucker, Deputy Secretary, Department of Agriculture