



COMMONWEALTH OF AUSTRALIA

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT
LEGISLATION COMMITTEE

Estimates

(Public)

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SENATE

RURAL AND REGIONAL AFFAIRS AND TRANSPORT LEGISLATION COMMITTEE

Monday, 22 March 2021

Members in attendance: Senators Antic, Carol Brown, Canavan, Chisholm, Davey, Gallacher, Lines, McDonald, McKenzie, O'Neill, Patrick, Rennick, Rice, Sterle, Watt.

INFRASTRUCTURE, TRANSPORT, REGIONAL DEVELOPMENT AND COMMUNICATIONS PORTFOLIO

In Attendance

Senator Duniam, Assistant Minister for Forestry and Fisheries and Assistant Minister for Industry Development

Senator Cash, Minister for Employment, Skills, Small and Family Business

Senator Colbeck, Minister for Senior Australians and Aged Care Services and Minister for Sport

Department of Infrastructure, Transport, Regional Development and Communications

Executives

Mr Simon Atkinson, Secretary

Ms Pip Spence PSM, Chief Operating Officer

Dr Rachel Bacon, Deputy Secretary

Mr Brendan McRandle PSM, Deputy Secretary

Mr David Hallinan, Deputy Secretary

Ms Christine Dacey, Deputy Secretary

Mr Richard Windeyer, Deputy Secretary

Airservices Australia

Mr Jason Harfield, Chief Executive Officer

Mr Paul Logan, Chief Financial Officer

Australian Maritime Safety Authority

Mr Mick Kinley, Chief Executive Officer

Ms Sachi Wimmer, Deputy Chief Executive Officer

Mr Allan Schwartz, General Manager, Operations

Mr Michael Drake, Acting General Manager, Standards

Australian Rail Track Corporation

Mr Mark Campbell, Chief Executive Officer and Managing Director

Mr Richard Wankmuller, Chief Executive Officer, Inland Rail Program

Ms Rebecca Pickering, Director, Environment, Engagement and Property, Inland Rail Program

Mr Simon Ormsby, Group Executive, Strategy and Corporate Development

Australian Transport Safety Bureau

Mr Greg Hood, Chief Commissioner

Mr Colin McNamara, Chief Operating Officer

Mr Patrick Hornby, Head of Legal, Governance and International

Dr Stuart Godley, Director, Transport Safety

Mr Stuart Macleod, Director, Transport Safety

Cities

Mr David Mackay, First Assistant Secretary

Mr Adam Stankevicius, Assistant Secretary, City Deals (Tas., WA, NT, AW and Melbourne) and Policy

Ms Kim Forbes, Assistant Secretary, City Deals (Qld, SA, NSW and Geelong)

Civil Aviation Safety Authority

Mr Graeme Crawford, Acting Chief Executive Officer and Director of Aviation Safety

Mr Rob Walker, Executive Manager, Stakeholder Engagement

Ms Philippa Crome, Executive Manager, Corporate Services

Mr Simon Frawley, Chief Financial Officer

Dr Jonathan Aleck, Executive Manager, Legal, International and Regulatory Affairs

Mr Chris Monahan, Acting Group Executive Manager, Aviation

Domestic Aviation and Reform

Ms Janet Quigley, First Assistant Secretary
Mr Phil McClure, Assistant Secretary, Airports
Ms Ann Redmond, Assistant Secretary, Aviation Reforms
Mr Jason Dymowski, Assistant Secretary, Domestic Policy and Programs
Ms Clare Chapple, Assistant Secretary, Regional Policy and Programs

International Aviation, Technology and Services

Mr Richard Wood, First Assistant Secretary
Mr Simon Moore, Assistant Secretary, Safety and Future Technology
Mr Jim Wolfe, Assistant Secretary, International Aviation
Mr David Jansen, Assistant Secretary, Western Sydney Regulatory Policy

Surface Transport Policy

Ms Maree Bridger, First Assistant Secretary
Mr Andrew Johnson, Assistant Secretary, Maritime and Shipping
Ms Gabby O'Neill, Assistant Secretary, Office of Road Safety
Mr Robert Bradley, Acting Assistant Secretary, Vehicle Safety Operations
Ms Paula Stagg, Assistant Secretary, Land Transport Policy
Ms Anita Langford, Assistant Secretary, Vehicle Safety Policy and Partnerships

Data, Analytics and Policy

Ms Gayle Milnes, First Assistant Secretary
Dr Louise Rawlings, Head of Bureau, Bureau of Infrastructure and Transport Research Economics
Ms Paula Stagg, Assistant Secretary, Transport Market Reform and Technology
Ms Leonie Holloway, Chief Economist, Bureau of Communications, Arts and Regional Research

Infrastructure Australia

Ms Romilly Madew, Chief Executive Officer
Mr Peter Colacino, Chief of Policy and Research
Mr Robin Jackson, Chief of Infrastructure Prioritisation
Mr David Tucker, Chief of Infrastructure Assessment

Infrastructure Investment

Mr Phil Smith, First Assistant Secretary
Mr Daniel Caruso, Assistant Secretary, Programs, Policy and Budget
Ms Shona Rosengren, Assistant Secretary, Queensland, Northern Territory and Western Australia Branch
Ms Robyn Legg, Assistant Secretary, New South Wales, Australian Capital Territory and Targeted Roads
Ms Lisa La Rance, Assistant Secretary, Investment Advisory and Business Improvement Branch
Ms Sarah Nattey, Assistant Secretary, Victoria, Tasmania and South Australia

Major Transport and Infrastructure Projects

Ms Jessica Hall, First Assistant Secretary
Mr Mitch Pirie, Assistant Secretary, Inland Rail Operations Branch
Mr Greg Whalen, Assistant Secretary, Western Sydney Airport Program and Shareholder Management
Mr Andrew Bourne, Assistant Secretary, Inland Rail Stakeholder and Regional Delivery Branch
Mr Drue Edwards, Director, Flood Modelling and Alignment

National Capital Authority

Ms Sally Barnes, Chief Executive Officer
Mr Andrew Smith, Chief Planner
Mr Lachlan Wood, Chief Operating Officer

National Faster Rail Agency

Mr Barry Broe, Chief Executive Officer

Mr Andrew Hyles, General Manager

National Transport Commission

Mr Michael Hopkins, Acting Chief Executive Officer and Executive Leader, Strategy and Engagement

Mr Paul Davies, Executive Leader, Productivity

Mr Marcus Burke, Executive Leader, Future Technologies

Mr Michael Hopkins, Executive Leader, Strategy and Engagement

National Water Grid Authority

Mr Mark Darrough, Assistant Secretary, Infrastructure Framework and Delivery Branch

Mr Malcolm Southwell, Assistant Secretary, Policy, Science and Engagement Branch

North Queensland Water Infrastructure Authority

Mr Richard McLoughlin, Chief Executive Officer

Mr Matthew Squire, Chief Operating Officer

People, Governance, Parliamentary and Communication

Ms Justine Potter, First Assistant Secretary

Ms Stephanie Bourke, Assistant Secretary, Human Resources and Property

Ms Susan Charles, Assistant Secretary, Communication

Ms Liz Caelli, Acting Assistant Secretary, Assurance and Risk

Portfolio Strategy and Policy Coordination

Ms Vicki Middleton, First Assistant Secretary

Ms Naa Opoku, Assistant Secretary, Transition and COVID Internal Coordination

Ms Sally Todd, Assistant Secretary, Policy Coordination

Finance, Legal and Information Technology

Mr Brad Medland, Chief Finance Officer

Regional Development, Local Government and COVID Regional Recovery

Ms Marisa Purvis-Smith, First Assistant Secretary

Ms Meghan Hibbert, Assistant Secretary, Regional Programs

Mr Chris Faris, Assistant Secretary, Regional Intelligence and Local Government

Ms Karly Pidgeon, Assistant Secretary, Program Implementation and Drought

Significant Project Investment Delivery Office

Ms Diana Hallam, First Assistant Secretary

Mr Stephen Sorbello, Assistant Secretary, Project Strategy and Inception

Territories

Ms Sarah Vandenbroek, First Assistant Secretary

Mr Aaron O'Neill, Assistant Secretary, Indian Ocean Territories

Dr Oliver Holm, Assistant Secretary, Jervis Bay Territory and Interagency Engagement Coordination

Ms Nicole Pearson, Assistant Secretary, Norfolk Island and ACT/NT COVID Protection and Services

Western Sydney Airport

Mr Simon Hickey, Chief Executive Officer

Ms Shelley Turner, Chief Financial Officer

Committee met at 09:02

CHAIR (Senator McDonald): I declare open this public hearing of the Senate Rural and Regional Affairs and Transport Legislation Committee. The Senate has referred to the committee the particulars of proposed expenditure for 2020-21 and related documents for the Infrastructure, Transport, Regional Development and Communications Portfolio, excluding Communications. All questions on Communications go to the department's

appearance before the Environment and Communications Legislation Committee. The committee may also examine the annual reports of the departments and agencies appearing before it.

The committee has before it a program listing agencies relating to matters for which senators have given notice, and the proceedings today will begin with an examination of the People, Governance, Parliamentary and Communications Division within the Department of Infrastructure, Transport, Regional Development and Communications. The committee has fixed Friday 7 May 2021 as the date for the return of answers to questions taken on notice. Senators are reminded that any written questions on notice should be provided to the committee secretariat by close of business on Thursday 1 April 2021.

Under standing order 26, the committee must take all evidence in public session. This includes answers to questions on notice. I remind all witnesses that, in giving evidence to the committee, they are protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage a witness on account of evidence given to a committee, and such action may be treated by the Senate as a contempt. It is also a contempt to give false or misleading evidence to a committee.

The Senate, by resolution in 1999, endorsed the following test of relevance of questions at estimates hearings. Any questions going to the operations or financial positions of the department and agencies which are seeking funds in the estimates are relevant questions for the purposes of estimates hearings. I remind officers that the Senate has resolved that there are no areas in connection with the expenditure of public funds where any person has a discretion to withhold details or explanations from the parliament or its committees unless the parliament has expressly provided otherwise.

The Senate has resolved also that an officer of a department of the Commonwealth 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 a minister. This resolution prohibits only questions asking for opinions on matters of policy and does not preclude questions asking for explanations of policies or factual questions about when and how policies were adopted.

I particularly draw the attention of witnesses to an order of the Senate of 13 May 2009 specifying the process by which a claim of public interest immunity should be raised.

The extract read as follows—

Public interest immunity claims

That the Senate—

(a) notes that ministers and officers have continued to refuse to provide information to Senate committees without properly raising claims of public interest immunity as required by past resolutions of the Senate;

(b) reaffirms the principles of past resolutions of the Senate by this order, to provide ministers and officers with guidance as to the proper process for raising public interest immunity claims and to consolidate those past resolutions of the Senate;

(c) orders that the following operate as an order of continuing effect:

(1) If:

(a) a Senate committee, or a senator in the course of proceedings of a committee, requests information or a document from a Commonwealth department or agency; and

(b) an officer of the department or agency to whom the request is directed believes that it may not be in the public interest to disclose the information or document to the committee, the officer shall state to the committee the ground on which the officer believes that it may not be in the public interest to disclose the information or document to the committee, and specify the harm to the public interest that could result from the disclosure of the information or document.

(2) If, after receiving the officer's statement under paragraph (1), the committee or the senator requests the officer to refer the question of the disclosure of the information or document to a responsible minister, the officer shall refer that question to the minister.

(3) If a minister, on a reference by an officer under paragraph (2), concludes that it would not be in the public interest to disclose the information or document to the committee, the minister shall provide to the committee a statement of the ground for that conclusion, specifying the harm to the public interest that could result from the disclosure of the information or document.

(4) A minister, in a statement under paragraph (3), shall indicate whether the harm to the public interest that could result from the disclosure of the information or document to the committee could result only from the publication of the information or document by the committee, or could result, equally or in part, from the disclosure of the information or document to the committee as in camera evidence.

(5) If, after considering a statement by a minister provided under paragraph (3), the committee concludes that the statement does not sufficiently justify the withholding of the information or document from the committee, the committee shall report the matter to the Senate.

(6) A decision by a committee not to report a matter to the Senate under paragraph (5) does not prevent a senator from raising the matter in the Senate in accordance with other procedures of the Senate.

(7) A statement that information or a document is not published, or is confidential, or consists of advice to, or internal deliberations of, government, in the absence of specification of the harm to the public interest that could result from the disclosure of the information or document, is not a statement that meets the requirements of paragraph (1) or (4).

(8) If a minister concludes that a statement under paragraph (3) should more appropriately be made by the head of an agency, by reason of the independence of that agency from ministerial direction or control, the minister shall inform the committee of that conclusion and the reason for that conclusion, and shall refer the matter to the head of the agency, who shall then be required to provide a statement in accordance with paragraph (3).

(d) requires the Procedure Committee to review the operation of this order and report to the Senate by 20 August 2009.

(13 May 2009 J.1941)

(Extract, Senate Standing Orders)

CHAIR: Witnesses are specifically reminded that a statement that information or a document is confidential or consists of advice to government is not a statement that meets the requirements of the 2009 order. Instead, witnesses are required to provide some specific indication of the harm to the public interest that could result from the disclosure of the information or the document.

Senators, departments and agencies have been provided with advice on the arrangements in place to ensure that the additional estimates 2020-21 hearings are conducted in a safe environment. This guidance is also available from the secretariat. The committee appreciates the cooperation of all attendees in adhering to these arrangements.

Department of Infrastructure, Transport, Regional Development and Communications

[09:05]

CHAIR: I now welcome Senator the Hon. Jonathon Duniam, Assistant Minister for Forestry and Fisheries and Assistant Minister for Industry Development; Senator the Hon. Michaelia Cash, Minister for Employment, Skills, Small and Family Business; Senator the Hon. Richard Colbeck, Minister for Senior Australians and Aged Care Services and Minister for Sport; Mr Simon Atkinson, Secretary to the Department of Infrastructure, Transport, Regional Development and Communications; and officers of the department. Minister, do you or Mr Atkinson wish to make an opening statement?

Senator Duniam: I do not, but I believe that the secretary does.

Mr Atkinson: I'd like to update the committee on key developments in this portfolio since my last statement to the committee in October. At that time I spoke about the continued efforts of the government to support the aviation sector and the movement of freight as well as infrastructure investment to support economic recovery. We continue to work with ministers, APS colleagues, key industries, unions and state, territory and local governments to deliver essential ongoing functions and COVID-response measures as Australia continues to recover from the impacts of COVID-19. The continued movement of freight across borders remains critical, even more so as the COVID-19 vaccine rollout progresses. Since its implementation last year the freight movement code has continued to ensure that freight movements are exempted from border restrictions. The department has also continued to facilitate the Land Transport COVID-19 group and the maritime response group, bringing together government bodies and regulators, states and territories, industry stakeholders and unions to understand and address COVID-19 impacts arising in the land transport and maritime sectors.

The enormous challenges of the past year arising from the COVID-19 pandemic continue to deeply impact the aviation sector. More than \$3.8 billion of timely targeted and proportionate support has been committed to the sector through a number of new programs and initiatives. This support has helped ensure that the sector continues to function at a time when travel bans, international and domestic border closures and public health measures have severely impacted it. It's been particularly important to maintain essential connectivity on regional and major routes during the COVID-19 crisis and preserve critical capacity, particularly in thin markets, while not distorting market shares so that a competitive aviation market can restart post COVID-19. Australians recommencing air travel is critical to the aviation sector's recovery. While we understand that full recovery remains some way off, the rollout of the vaccine provides a pathway for the return to long-term sustainability for the sector.

We are continuing to work to improve road safety for all Australians and reduce the trauma suffered on our roads. Significant progress has been made since we last sat before the committee. Tranche 1 of the government's \$2 billion Road Safety Program is underway, with almost \$1 billion being provided for close to 700 road safety projects to be completed by June this year, and a further \$1 billion to come by mid-2020-22, and we've delivered a national serious injury baseline and dashboard as part of the National Road Safety Data Hub, which has been published on the Office of Road Safety's website. Public consultation on the draft National Road Safety Strategy

for 2021-30 will close shortly. Feedback will inform the final strategy to go before ministers before it's released alongside a five-year national road safety action plan later this year. We've also commenced work to prepare a new estimate of the economic cost of road crashes in Australia to increase our understanding of the benefit of road safety investment.

The work of the department continues to support the delivery of job-creating, economy-boosting land transport infrastructure. In 2020 over 60 major Australian government-funded projects were completed or opened, including the Pacific Highway, Woolgoolga to Ballina upgrade, New South Wales, and the Mackay ring road stage 1 on the Bruce Highway in Queensland. Right now more than 690 major Australian government-funded projects are either underway or under construction, and more projects are scheduled to begin over the coming months.

COVID-19 affected everyone, and the government invested in a number of additional initiatives to provide an immediate boost to the economy and local jobs. This includes \$1 billion for shovel-ready projects and \$500 million for targeted road safety works announced in mid-2020 to improve roads and support jobs across Australia. Four projects have been completed, and construction is underway on a further 39 projects, representing over \$1 billion.

As at 10 March 2021 all 537 councils around Australia had nominated over 4,800 projects under the Local Roads and Community Infrastructure Program, representing 75 per cent of the total available \$1.5 billion in funding. \$450 million has already been paid to local councils. As at 31 December 2020 more than half of the projects approved under round 1 of the program have been completed or commenced construction.

Our department continues to support the Commonwealth delivery of inland rail and Western Sydney airport. Both projects have reached some important milestones since the last estimates hearing. Construction commenced on the North Star to Narrabri section of the inland rail in November 2020, and construction was completed on the Parkes-Narromine section on 15 September 2020. The halfway point for the bulk earthworks for Western Sydney international airport was reached earlier in March 2021. These are two of the most important transport infrastructure projects in the country. Both are supporting jobs and economic activity now and will provide a foundation for productivity growth over the longer term.

Through the National Water Infrastructure Development Fund and the National Water Grid Authority, two more water infrastructure projects have been completed since last estimates: the Macalister irrigation district 1B project in Victoria, and the Warwick recycled water for agriculture project in Queensland. Together, both projects have contributed to national water grid objectives in supporting agricultural growth, increasing water security and building drought resilience, cumulatively providing nearly 10 billion litres of reliable water supplies. Additionally, Rookwood Weir in Queensland has commenced on-site construction. The National Water Grid Authority will be appearing at the cross-portfolio hearing on Friday and can answer senators' questions on the National Water Infrastructure Development fund at that time.

The department continues to coordinate delivery of the \$1 billion Relief and Recovery Fund to support regions, communities and industry sectors impacted by COVID-19. In the 2020-21 federal budget the Australian government committed a further \$200 million for a fifth round of the Building Better Regions Fund. BBRF round 5 will include \$100 million dedicated to supporting tourism-related infrastructure projects which are focused on mitigating the economic impacts of the pandemic on a region's tourism economy, and the other \$100 million will support regional and remote Australia more broadly by funding general infrastructure and community investment projects. The department is also implementing other key significant regional measures from the 2021 federal budget, including regional recovery partnerships.

I'd also like to provide a brief update to the committee on the status of the department's response to the ANAO's audit of the Leppington Triangle purchase. The department accepted all three of the report's recommendations and is taking action to address identified shortcomings in processes and decision-making. As previously outlined to the committee, to ensure that all issues raised by the ANAO were addressed, I have initiated four independent investigation or review processes that go beyond the recommendations of the report. The work is complex and is being undertaken by independent experts who must be given time to review the large volume of material and consider all issues raised by the ANAO.

In addition, the Australian Federal Police is conducting its own separate investigation into matters raised in the report. The AFP has advised the department that any material that may prejudice its investigation should not be released while the investigation is underway. The ongoing nature of these investigations and review processes will limit the information that's available to be shared with the committee today.

In response to a request from Senator Sterle, I'd now like to table a number of documents relating to program expenditure across infrastructure investment, regional development, local government, cities and COVID response funding for aviation support, targeted road safety projects and local and community infrastructure projects. That's these documents here. Have they got them?

Senator Duniam: Yes, they're over there.

Mr Atkinson: The information provided is consistent with what we've provided in response to previous requests. It doesn't include some of the new additional information requested, given the work required to prepare it and the very significant workloads our teams are managing as they roll out this critical funding to Australian communities and businesses. I'd like to take this opportunity to thank the stakeholders that we've partnered with in responding to COVID-19. I'd also like to thank the people in my department as well as our portfolio agencies for their extraordinary efforts. In January the department transitioned to a COVID recovery structure. These changes reflect a more normal operating structure than last year, which enables us to better balance workloads across groups and strengthen our delivery capability and organisational culture. Through this period the department has continued to deliver its essential ongoing business in programs, policy and regulatory functions.

CHAIR: Senator Watt, are you leading off with questions?

Senator WATT: Yes. Thanks, Mr Atkinson and all of your team, for coming today, and thanks for the work that you've been doing since we last met. I was going to begin actually with the documents that you've tabled. Thanks for doing that. I think we've asked for those to be provided in hard copy and searchable PDFs. Have you been able to do both of those things?

Mr Atkinson: Yes. The hard copies are on the trolley just there, I think. My chief of staff will email the committee now the searchable PDF.

Senator WATT: Thank you. If we could get that forwarded to committee members, that would be great. You've mentioned that you haven't been able to provide all of the information sought. Is it possible for you to quickly run through with me the areas that you have not been able to provide?

Mr Atkinson: The key big extra ask was a comparison of all changes since the last time we provided this information. As you can see, we have provided tens of thousands of lines of information to the committee. The work involved in going back to the previous version of this from October and doing a compare and contrast and then highlighting everything that has changed is huge. That would be a significant diversion of resources.

Senator WATT: That comparison is something we have asked for and been provided with before, isn't it?

Mr Atkinson: No.

Senator WATT: We have never previously asked for that?

Mr Atkinson: Not to my knowledge.

Senator WATT: Right; I'll go back and have a look.

Mr Atkinson: I have tried to provide you with what we provided you with before.

Senator WATT: We will obviously have a good look through that. That has only been provided today, and I understand why. Obviously, we need to preserve our right to maybe get you back in to ask any questions about the information that has just been provided today as well.

Mr Atkinson: The request was actually to provide it today.

Senator WATT: Yes, I am aware of that. But, given that we may not have an opportunity to review such extensive documents today, we may need to get you back in.

Mr Atkinson: Yes. I appreciate that it is a huge amount of information.

Senator WATT: Thank you for that. I'll pick up on a couple of things you touched on in your opening statement. You will be able to provide a copy of your opening statement as well?

Mr Atkinson: Yes, I believe that has been sent.

Senator WATT: Mr Atkinson, you mentioned the work your department has been doing in aviation recovery; we'll have some questions about that later. You said that the vaccine rollout is critical for the recovery of that sector. Why is getting the vaccine rolled out as quickly as possible so important?

Mr Atkinson: In simple terms, the vaccine rollout is important to the confidence of the travelling public and people's willingness to travel, which is critical to the recovery of the sector.

Senator WATT: So it would be fair to say that any unnecessary delay in the rollout would be a problem for the aviation sector and transport industry more generally?

Mr Atkinson: Getting past COVID-19 generally is critical to the success of the sector. Domestic aviation at the moment is recovering. The vaccine will put a floor under the confidence we are starting to see as things reopen.

Senator WATT: You also mentioned the investigations that are occurring into the Leppington Triangle matters that we spent a lot of time on at the last estimates hearings, and you reminded us that you initiated four independent investigations.

Mr Atkinson: Yes.

Senator WATT: Can you give us a status update on those investigations?

Mr Atkinson: Yes; Ms Spence will give a status update. In essence, they're still ongoing and I am hoping are nearing completion. Do you want to add to that, Ms Spence?

Ms Spence: The major change since our last update is that we've now contracted KPMG to undertake the culture and capability review related to the Leppington Triangle purchase we referred to at our last hearings. Otherwise, the two codes of conduct and the review by Sentensia are all continuing and underway.

Senator WATT: It was two code of conduct reviews; what was the other one?

Ms Spence: The forensic audit by Sentensia of the activities around the transaction, and that is still underway.

Senator WATT: Do you have any dollar figures for what has been spent on those investigations?

Ms Spence: Yes. I think we referred to this at the Western Sydney Airport committee hearing. The Vivienne Thom work on the code of conduct investigation has been just under \$81,000; the appointment of Stephen Sedgwick as the independent decision-maker has been \$77,000; the second code of conduct has been \$30,000.

Senator WATT: Who is doing that one?

Ms Spence: That was done by Barbara Deegan from Ashurst. The independent audit that Sentensia is undertaking is just under \$230,000. Finally, the culture and capability review I just referred to is just over \$79,000.

Senator WATT: So it is basically half a million dollars all up so far on those investigations?

Ms Spence: Correct.

Senator WATT: With more to come?

Ms Spence: I don't think so, but we have to see the end of all the various processes underway.

Senator WATT: It has been a pretty costly exercise, then, to mop up?

Ms Spence: Yes.

Senator WATT: As for the AFP investigation, I appreciate what you said in that there are limits to what can be said about that. The AFP have their own estimates at the moment. Can you tell us anything about the status of that investigation, from what the AFP have told you?

Ms Spence: They have just confirmed that the investigations are still underway.

Senator WATT: Have they conducted any interviews?

Ms Spence: That would be better directed to the AFP. We have been keeping arm's length.

Senator WATT: We will certainly do that, but what have the AFP told you about what they have done so far?

Ms Spence: We understand that they have been doing interviews. We have been supporting them however we can, but we are not asking them for details about their investigation.

Senator WATT: While we are talking about Leppington Triangle, I have just a few other questions about this. A hearing of the Finance and Public Administration References Committee on 10 March into this matter revealed that departmental officials held meetings with members of the Leppington Pastoral Company at Aussies cafe here at Parliament House. Are you aware of that?

Ms Spence: If you go through the full transcript you will find that, towards the end of the hearings, Ms Bremner corrected the evidence provided by Mr Boyd, saying that the meeting at Aussies cafe did not occur; it was actually a meeting in Civic.

Senator WATT: I did not participate in that hearing, so I was not aware of that. So no meetings involving departmental officials occurred at Aussies?

Ms Spence: That is correct.

Senator WATT: Was there just one meeting in Civic?

Ms Spence: In an answer to one of our questions on notice we indicated that there were two meetings at coffee shops and only one of them was in Civic.

Senator WATT: Where was that?

Ms Spence: I would have to take that on notice. I can get back to you shortly on that.

Senator WATT: Do you know, Mr Atkinson?

Mr Atkinson: No.

Senator WATT: So there were two meetings in coffee shops between officials of the department and representatives of the Leppington Pastoral Company?

Ms Spence: No; it was actually with Ms Louise Waterhouse. It didn't actually have anything to do with the Leppington Triangle acquisition.

Senator WATT: So both of these meetings in coffee shops happened with Ms Louise Waterhouse?

Ms Spence: Yes.

Senator WATT: Can you remind me again of where she fits in?

Mr Atkinson: She is not related to the Leppington Triangle acquisition.

Senator WATT: No, but she did have an interest in this matter, obviously. What was her interest?

Ms Spence: I think it was around the location of access to—

Senator WATT: We would have to take that on notice.

Ms Spence: We can take that on notice, yes.

Mr Atkinson: There were some interesting juxtapositions in terms of meetings and then how it was attached to things. It wasn't to do with the Leppington Triangle acquisition.

Senator WATT: It wasn't to do with the Leppington Triangle?

Ms Spence: Not at all, no.

Mr Atkinson: And it wasn't at Aussies.

Senator WATT: I understand that. Are you confident that there were no meetings with representatives of companies looking to develop Leppington Triangle that involved ministerial staff?

Ms Spence: We provided detailed responses in our questions on notice of all the meetings we are aware of. There might have been some meetings, but they were for specific purposes, which involved ministers. We can retable the response to that question on notice if that would be useful.

Senator WATT: That's okay. We might go through those again. There is an opportunity later in the day if we want to ask anything further about that. Mr Atkinson, you have reminded us that two code of conduct investigations are underway.

Mr Atkinson: Yes.

Senator WATT: But am I right in saying that there is only one departmental officer who is the subject of a code of conduct investigation?

Mr Atkinson: No.

Senator WATT: There are two?

Mr Atkinson: Yes.

Senator WATT: So there are two separate investigations. My recollection is that they are different, if you like, charges or however we want to describe them; it's not exactly the same matter that is alleged, is it?

Mr Atkinson: No. They are two different items. We tabled them in the last hearing.

Senator WATT: I remember that. Can you remind us of what the allegations are against each of those officers being investigated?

Mr Atkinson: One of them relates broadly to the purchase of Leppington Triangle and the other relates to management of conflict of interests, not relating to Leppington Triangle.

Senator WATT: Evidence that has been provided by Audit Office officials to the Senate is that Minister Fletcher received a brief from the department in January 2018 that provided an overview of the proposed land transaction, and the minister annotated that brief with the words, 'Seems pretty sensible to me'. Are you familiar with the brief I am talking about?

Mr Atkinson: Yes, in general terms.

Senator WATT: What, in general terms, did that brief outline or advise?

Mr Atkinson: I would have to take the specifics on notice, but my recollection is that it related to the approach—I have to be careful with the language here.

Ms Spence: Yes. As we have previously explained, the AFP have requested that while there are investigations underway we do not reveal any information that could prejudice those investigations—and that would go to the content of the briefs you are referring to.

Senator WATT: Mr Atkinson, would that brief have ultimately ended up with you after the minister had annotated and provided his response?

Mr Atkinson: Just to be clear, this was under another secretary.

Senator WATT: Okay.

Mr Atkinson: This was well before my time.

Senator WATT: What about Ms Spence? I have forgotten whether you were in that role.

Ms Spence: No, I wasn't.

Mr Atkinson: It came back through the department.

Senator WATT: What do you think the minister meant when he wrote, 'Seems pretty sensible to me'?

Mr Atkinson: I cannot speculate on what the minister meant beyond what he said.

Senator WATT: But clearly he is providing a level of support for what the department was proposing.

Mr Atkinson: It is one of the difficulties of saying one statement off a brief without the context of what the brief actually says.

Ms Spence: I think the minister did respond to some media queries following on from that evidence to note that, as set out in the ANAO report, not all information was provided to him. There was potentially misleading advice in the briefs and therefore that should be taken into account in the context of the annotation that was referred to by the ANAO.

Senator WATT: So you are saying that, while the minister may have in essence supported what the department was recommending, in fact the minister was misled?

Mr Atkinson: We are saying that the ANAO report says that, which is part of the investigation of the AFP.

Senator WATT: You are not willing to say anything further about what advice the department provided?

Mr Atkinson: No.

Senator WATT: Because that is the subject of the police investigation?

Mr Atkinson: It goes quite to the core of the allegations.

Senator WATT: Again, I was not at the hearing of the Finance and Public Administration References Committee on 10 March, but I understand there was some discussion about whether there were any other officers of the department who should be under investigation. There are two who are under investigation. Are you satisfied that no other officers of your department should be investigated in relation to this matter?

Mr Atkinson: I am satisfied at this point, noting that there are four reviews underway, all of which will give me a much richer picture than the ANAO report of what happened and why.

Senator WATT: So it is possible that further officers will be investigated?

Mr Atkinson: Yes.

Senator WATT: Would you say that is likely?

Mr Atkinson: I am not going to pre-empt actually reading the reviews.

Senator WATT: But have those reviews to date suggested that it's likely that other officers will need to be investigated?

Mr Atkinson: I think the key thing here is that the set of facts that we're talking about relates to the first code of conduct investigation, and there's a huge body of work supporting that. Until I actually get the outcomes of that, I won't be in a position to go any further. I'll be much better informed once I have that information.

Senator WATT: After estimates in October last year, the department provided a spreadsheet outlining all the land held by the department, including at Western Sydney Airport. I can give you the question on notice number, if that's helpful.

Mr Atkinson: That would be helpful.

Senator WATT: The information requested by the committee included the date of acquisition and the cost of land at acquisition. That data was not included in the table provided; why was that?

Mr Atkinson: Can you give me the QON number?

Senator WATT: It's committee question No. 359 and departmental question No. SQ20-000547.

Mr Atkinson: I'm just getting the QON.

CHAIR: This is the same issue, I understand.

Senator WATT: Leppington Triangle, yes. I understand that the Audit Office indicated at its last hearing that communication between Ms Waterhouse and departmental officials indicated that they were supposed to have a meeting at Aussies, which was moved, but the Audit Office also said that the same communication indicated the meeting was supposed to take place at Aussies with the Leppington Pastoral Co. You are confident that no such meeting occurred at Aussies involving Leppington Pastoral Co?

Mr Atkinson: I'm not aware of that.

Ms Spence: That's my understanding.

Mr Atkinson: My only knowledge of that was that the ANAO said something early in the hearing and then changed their evidence later.

Senator WATT: As I say, if we want to ask any follow-up questions to that, we can do so later in the day. We've got some other questions in this section, but I'm happy if you want to share the call for a bit.

CHAIR: Thanks, Senator Watt. Senator Rennick.

Senator RENNICK: My questions go to the Leppington Triangle as well and the process just for the valuation of the land.

Senator WATT: Do you have an answer to that question, Mr Atkinson?

Mr Atkinson: I just have to find the question. Can I come back to the QON after we've had a break so that I can find it? Sorry, Senator Rennick.

Senator RENNICK: The Auditor-General's report basically valued the land; it had nine valuations, I think. All of those valuations, bar one, were based on one assumption, that assumption being that the land was valued at agricultural value, wasn't it?

Mr Atkinson: If that's what the Audit report says. I'm sorry; I didn't go into the details of this—

Senator RENNICK: It comes to the valuation of the land, which is what Labor is trying to imply.

Mr Atkinson: Certainly, at least one of them was just agricultural land.

Senator RENNICK: So they were all based on agriculture, bar one. The one that basically valued it on an industrial basis valued it at about \$29 million. When we're going to value this land, we do so in four ways. We can value it on (1) agriculture, (2) residential, (3) industrial and (4) infrastructure. Given that the government is buying it, the government can rezone that in any way it wants to, because it is the government and it makes the rules. So the best use is basically whatever the government wants it to be; would you agree with that?

Mr Atkinson: I don't want to speculate, but I think it was zoned as special purpose zoning under the Commonwealth. I'm not—

Senator RENNICK: That's right. So, if we want to look at it where we're buying it basically for the point of an airport, the federal government is going to invest \$8 billion on that airport, is it not, or about \$8 billion? You may not know that exact number, but it's around \$8 billion. So buying and locking the land up now for that second runway, which could be built in 40 years time, arguably is going to de-risk the valuation of the airport. Clearly, an airport with two runways is going to be worth a lot more than an airport with one runway, is it not?

Mr Atkinson: You're certainly correct that the acquisition de-risked it and added value, yes.

Senator RENNICK: Because, basically, the federal government right now can borrow at less than one per cent, and anyone who follows the housing market would know that the average cost of house increases across Australia in the last 30 years has been at seven per cent. So, if we didn't get on and basically rezone this land now or no airport was going to be built, it would be fair to say that, given that parcel of land there around the Leppington Triangle is the last bit of flat land in the Sydney Basin, it would be worth a lot of money as residential land. If we want to value it as residential land, one acre equals 4,000 square metres. So 500 metres, according to the Auditor-General, is worth \$12½ thousand. Does it seem pretty low to you that a 500-metre block of land in the Sydney Basin for residential purposes would be valued at only \$12½ thousand, the last bit of land in the

Sydney Basin? It seems pretty low to me, if you wanted to value it at residential and no airport was ever going to be built there.

Mr Atkinson: I'm sorry; I don't know that much about residential property.

Senator GALLACHER: A point of order as to relevance.

Senator RENNICK: The relevance comes to how we want to value the land; right?

Senator GALLACHER: I need to know the relevance of the point as to revenue estimates. The job of repurposing the question or the answer lies with the minister there. It has never come from this side.

Senator RENNICK: I'm talking to the valuation, Senator Gallacher; it's a valuation. This goes to the valuation done by the Auditor-General. I said that I'm speaking about valuation and not process. It's very important that we make sure that, when we look at all the options here and the best use, we're looking at what it's worth, the maximum value of its best use. That is because when you pay out, as per due compensation and loss of property, that's what we have to do. So, for residential, we've just proven, or we could argue, that \$12½ thousand for a 500-square-metre block is too low. Looking at industrial valuation, I have values here in October last year. For 10 Martin Road, five acres were sold for \$5.75 million and, for 250 Badgerys Creek Road, five acres were sold for \$5.75 million. If we extrapolate that to 30 acres, that makes it worth \$34½ million. So you can argue that, on an industrial basis—if you want to value it on industrial land—you're paying about market value if you pay about \$30 million for 30 acres. Would you agree with that?

Mr Atkinson: Obviously, a valuation of this type is incredibly complex, but I'm aware of valuations that are like that.

Senator RENNICK: So we've proven that residential land is probably a bit cheap. Industrial value is worth about \$30 million. Then, if you want to de-risk an \$8 billion project by one per cent by securing the land for a second runway, even if we did risk \$8 billion by one per cent, that's \$80 million a year in net present value that you'd add each year to the overall value of the project. So it's probably fair to say that valuing it on an agricultural basis severely underestimates the true value of the land. Would you agree with that?

Mr Atkinson: Certainly, the agricultural value is not anything like the industrial value. I do not think you would get an agreement to an acquisition on that basis.

Senator RENNICK: Sure. It should be noted that a 10-acre poultry farm sold last year for \$14.5 million in the same area, and that would value 30 acres at around \$42 million. So it looks to me like it's pretty good value.

CHAIR: Senator Watt.

Senator WATT: I remember Senator Rennick arguing that the Leppington Triangle rort was a good deal last time.

Senator RENNICK: Yes. I have a career in finance, Murray, so I well know what things are worth. You always say that I can never question science because I'm not a scientist. Well, guess what? I'm a finance expert. So if you want to argue with me any time, name your time and place, Murray.

CHAIR: Do you want to keep going with your questions, Senator Watt? We'd hate to run out of time today.

Senator WATT: Yes.

Senator RENNICK: When you ask your questions—

Senator WATT: I'm wondering whether Senator Rennick would like to continue telling taxpayers why they got a good deal on Leppington Triangle. I'm sure they'd be really—

CHAIR: Senator Watt, would you like to go back to your questions?

Senator WATT: I think the initial rort was about \$30 million, but we've now spent another half a million dollars investigating this as well.

Senator RENNICK: Actually, the Auditor-General spent \$333,000 on what took me 15 minutes to value.

Senator WATT: It's actually getting up towards \$1 million that has been spent investigating this. Thanks for reminding me, Senator Rennick.

Senator RENNICK: It shouldn't take three years—

CHAIR: Can we just leave this cross-panel discussion? Senator Watt, if you've got questions, please return to them.

Senator WATT: I was just shutting Senator Rennick down as quickly as I could, Chair.

Senator RENNICK: Could you just stop blithering rubbish, Murray, and get on with the questions.

Senator WATT: I invite anyone to watch this and see who's blithering rubbish, but that's okay.

Senator RENNICK: Sure, Murray.

Senator WATT: Mr Atkinson, do you have an answer to that previous question that I asked?

Mr Atkinson: I've got the QON.

Senator WATT: You've got the QON; that's a start.

Mr Atkinson: Have you seen the QON?

Senator WATT: No, but some people I rely on very heavily have.

Mr Atkinson: There are hundreds and hundreds and hundreds of lines, and we've included the current valuation, the last revaluation and the acquisition method. I suspect there'd be a vast body of work in finding—

Senator WATT: My question may not require you to read—

Mr Atkinson: land Crown leases on Norfolk Island.

Senator WATT: I'm not asking questions about that. My question is—

Mr Atkinson: That's what most of it is. It's most of our territories' land holdings.

Senator WATT: The point I'm making is that one of the bits of information that we sought related to Leppington Triangle and, more generally, to land being acquired for Western Sydney Airport. We asked for the date of acquisition of all land acquired for Western Sydney Airport and the cost of that land at acquisition, but that data wasn't provided; do you know why?

Mr Atkinson: I'm sorry; this question was whether the department could 'provide a list of all land holdings of the department, including the following details', which asked all of those things.

Senator WATT: Yes, and that included information about the land acquired for Western Sydney Airport.

Mr Atkinson: This is 547, which isn't about Western Sydney Airport. If we narrowed it down to Western Sydney Airport, we could probably do it.

Senator WATT: Why don't we get people to have a look at it and we'll come back to it later on, when we're talking about—

Mr Atkinson: That's fine.

Ms Spence: A lot of it does tie back to what our finance system can actually generate. Given, as the secretary said, the number of land acquisitions that are referred to, we were relying on what our finance system could provide. I think that in a different QON there was separate information that included the details that you requested.

Senator WATT: Perhaps a more fruitful exercise would be if we could get your officials taking a bit of a look at the value of departmental-held land at the site of the proposed Western Sydney Airport.

Mr Atkinson: That's a question that's much narrower, yes.

Senator WATT: As I understand it, that information was sought and not provided in that question on notice, but let's forget about that.

Mr Atkinson: I think it got buried in 400 territories' things.

Senator WATT: I understand that. Could we get you to advise us of the date of acquisition and the amount paid for what I understand are the 15 parcels of land that the department has acquired for the Western Sydney Airport?

Mr Atkinson: Yes. I will take that on notice and see whether we can do anything quickly. But remember, most of this, I think, happened in the 1980s.

Ms Spence: I can refer to departmental question SQ20-000482, which does respond to all land acquisitions undertaken for the Western Sydney Airport and the Western Sydney Infrastructure Plan and breaks them down by those issues that you've flagged. That is for two parcels, and I'm not too sure about the other 13 that you're talking about.

Senator WATT: Could you give me that QON again, please?

Ms Spence: It is SQ20-000482.

Senator WATT: We'll take another look at that one and, if there's anything further that we need, we'll come back to you.

Mr Atkinson: I think the other 13 were, like, when I was at school.

Senator WATT: Right; not that long ago.

Mr Atkinson: I'd like to look youthful, but it's something that I've never been accused of!

Senator WATT: Moving on to some other matters, I'm interested, Mr Atkinson, in what you can tell us about the departmental staffing levels and how they've changed in the last 12 months.

Mr Atkinson: I might pass that to Ms Spence. The current ASL figure is about 1,460.

Senator WATT: 1,460?

Mr Atkinson: I'll get the specific number for you. Obviously, the two former departments merged in February last year. Ms Spence, do you want to read out the stats?

Ms Spence: The department's average staffing level for 2021 has increased by 158 ASL. It has increased from the 1,440 ASL, as reported in the 2019-20 budget, to 1,598, as reported in the 2020-21 PAES document, in line with the additional funding that the department is responsible for in response to the government's economic recovery plan for Australia.

Senator WATT: Roughly, in the last 12 months, the department's staffing numbers have increased by about 158 ASL?

Ms Spence: Correct.

Senator WATT: What do you see as the priority areas for the department's staffing or recruiting activities over the course of the coming year?

Mr Atkinson: Over the course of the coming year, I think the highest priority is delivery of the government's infrastructure agenda. There's a whole series of priorities on the communications side. There has been a huge increase in the amount of work on the aviation sector and implementing all of those things that I outlined in my opening statement, as well as issues that I'll address in the comms committee tomorrow, in particular around the arts sector, and other communications type issues.

Senator WATT: Running through that list, you talked about delivery of the government's infrastructure agenda, communications matters and aviation. By communications matters, do you mean department of communications matters as opposed to communications advertising and marketing across the department?

Mr Atkinson: Communications portfolio related matters. We've also got a significant regional agenda to manage. We've got to deliver the territories' functions. Reform of surface transport policy is important as well. There's a whole series of priorities that we've got to deliver across the board.

Senator WATT: Do you measure staff satisfaction levels within the department, or does anyone measure those?

Mr Atkinson: We have pulse surveys that measure those things, and there's the APS census.

Senator WATT: When was the most recent pulse survey conducted?

Mr Atkinson: It was last year.

Ms Spence: It would have been around the middle of last year, I think, but the most recent exercise was the APS census.

Senator WATT: Forgive my ignorance, but are they both publicly available already?

Mr Atkinson: The pulse surveys wouldn't usually be; they're usually internal. But the APS census will be at the end of March, I think.

Senator WATT: That will become available at the end of March?

Mr Atkinson: Yes. I'll confirm that, but I'm pretty sure that's the date.

Senator WATT: Could we please ask you to table the last three pulse surveys?

Mr Atkinson: I'll take that on notice.

Senator WATT: Is there any reason that you wouldn't be able to table those?

Mr Atkinson: I think the last pulse survey was a simple question around our internal values conversation. Whatever the last three pulse surveys are, I'm happy to table them.

Senator WATT: In general terms, what have those surveys and the census told you about levels of staff satisfaction within the department?

Mr Atkinson: I think they've told me that the experience of the COVID-19 year for the department is incredibly mixed across different parts of the department. Everybody has mucked in and supported whatever

needed to be done, and I think that's reflected in a diversity of results in different parts of the organisation, as well as going through a change management year of bringing together two former departments of state.

Senator WATT: Do you have any figures on retention levels within the department over the last one or two years?

Mr Atkinson: Yes, we do. The separation rate, which is the reverse of retention, is probably the key statistic.

Senator WATT: Could you provide those to us on notice, going back three years as well?

Mr Atkinson: Yes. The reference points get really difficult, though, because of machinery of government changes, which have been very material.

Senator WATT: See what you can do on that front, anyway.

Mr Atkinson: Yes, sure.

Senator WATT: I have a couple of additional questions in this section. There's a particular contract that the department entered into with Universal McCann. I can give you the contract number. The details come from AusTender. It's contract No. CN3749380. It's a contract to the value of \$58,050.67 with Universal McCann. Can you tell us a bit about what that contract is for?

Mr Atkinson: Ms Potter is probably the best person to speak to that one.

Ms Potter: Could you repeat the number?

Senator WATT: It is 3749380.

Ms Potter: I would need to take that on notice.

Senator WATT: Maybe you could come back to us a little bit later this morning.

Ms Potter: Sure.

Senator WATT: All I want to know is: what's the contract for and what was the role advertised? We may have some more questions once we find that out.

Ms Potter: Okay.

Mr Atkinson: Senator, are you sure that you have the right number?

Senator WATT: I'm reading from a printout of AusTender, 3749380, published date 17 February this year.

Mr Atkinson: Okay. We'll get someone to check it. We can talk about it later.

Senator WATT: There's also an SON ID; is that helpful, whatever that stands for?

Ms Potter: The AusTender number is sufficient; thank you.

Senator WATT: The last questions I have in this section are about government advertising. In April 2019, in estimates, the department advised that the government had allocated \$272,000 for the Building our Future campaign in 2017-18. Can you update the committee on how much was spent on this campaign in total for 2018-19 and 2019-20?

Ms Potter: I don't have 2018-19 with me. In 2019-20, \$3.8 million was spent.

Senator WATT: And \$272,000 in 2017-18?

Ms Potter: That's correct for 2017-18. In 2018-19, it was \$16.9 million.

Senator WATT: I know that we've talked about this before. Basically, that campaign is really only ramped up in the run-up to an election. In the election year, being 2018-19, the spending on advertising about the government's infrastructure achievements jumped from \$272,000 to \$16.9 million; then, once we get through the election, the following financial year, it falls back down to \$3.8 million.

Mr Atkinson: We can confirm the facts of when dollars are spent, but we probably can't speculate further.

Senator WATT: Minister, can you justify to the Australian public why it's so important to tell them about the government's infrastructure commitments in the run-up to an election?

Senator Cash: I think it's incredibly important for a government to tell the Australian people how they're spending what is effectively taxpayers' money. In particular, when you actually look at the government's infrastructure spend, the fact is that it is the largest infrastructure spend on record. The fact is that, when you spend money on infrastructure, you obviously create jobs. We are a job-creating government; we've certainly made that very clear to the Australian people. I think that it is very important for any government to advise the Australian public what they are doing with their taxpayers' money.

Senator WATT: But why do you do that so much in the run-up to an election and not worry about it so much in non-election years?

Senator Cash: I'd need to take that on notice. I don't have the figures in front of me.

Senator WATT: We've just been told the figures. If you missed them—

Senator Cash: We'll take that on notice, Chair.

Senator WATT: \$272,000 was spent in 2017-18. We then get into the election year, 2018-19, and it jumps to \$16.9 million. I can't do the figures quickly enough, but I think that's about an 800 per cent increase, although I might be wrong. We get through the election and it falls away to \$3.8 million. Why do people only really need to know about infrastructure commitments during an election year?

Senator Cash: Again, I've said in relation to the figures that I can take them on notice.

Senator WATT: We don't need you to take the figures on notice; we've been given the figures.

CHAIR: The detail is going to be provided on notice; the minister has made that point.

Senator WATT: No. The detail has been provided, so there's no real answer as to why taxpayers should be paying so much more for government advertising on infrastructure during election years.

Senator Cash: I think I've answered that question.

CHAIR: Thank you, Minister.

Senator WATT: Ms Potter, how much has been spent this financial year on this advertising program?

Ms Potter: In round numbers, \$760,000.

Senator WATT: But it's most likely that next financial year is going to be an election year. Minister, can we look forward to another massive spend on government advertising about infrastructure next financial year, do you think?

Senator Cash: Again, I don't have those figures in front of me, so I'll take it on notice for you, Senator Watt.

Senator GALLACHER: Who makes the decision on what is spent?

Senator WATT: Good question, Senator Gallacher. Who decides how much is spent on government advertising on this program, Ms Potter?

Mr Atkinson: The SDCC.

Senator WATT: The SDCC. Can you enlighten me on what that stands for?

Mr Atkinson: It's a committee of cabinet.

Senator WATT: So ministers decide to turn on the tap in the run-up to an election and turn off the tap after an election. Is that how it works, Minister?

Senator Cash: Again, I don't agree with your analysis, Senator Watt.

Senator WATT: How can it be anything other than that, when you go from \$272,000 up to \$16.9 million, pull it back to \$3.8 million and this year it's down to \$760,000. Is there a forecast of what's expected to be spent on this program next year, Ms Potter?

Ms Potter: There's no funding allocated for next year.

Senator WATT: Are you on that committee, Minister?

Senator Cash: No, I'm not.

Senator WATT: Who is on that committee?

Senator Cash: I don't know. I'd need to take that on notice.

Senator WATT: Do you know, Mr Atkinson?

Mr Atkinson: No. That's a matter for PM&C.

Senator WATT: But you don't even know. It might be—

Mr Atkinson: Ministers are on each of the committees. I think the committee membership is a matter of public record. I'm sure that it's on PM&C's website.

Senator WATT: Are there ministers other than the PM on it?

Mr Atkinson: It's not my place to say, but it's on the internet, and I don't believe that the Prime Minister is on it.

Senator WATT: Am I right that, in this financial year, \$10 million has been allocated for this campaign?

Ms Potter: Originally, in the 2019-20 additional estimates, \$14.1 million was allocated.

Senator WATT: For 2020-21?

Ms Potter: No.

Senator WATT: For 2019-20?

Ms Potter: That's right. Then \$3.8 million was spent last financial year and \$10.3 million remains for this financial year.

Senator WATT: Do you expect to spend that remaining \$10.3 million or whatever the figure was?

Ms Potter: Yes.

Senator WATT: You do?

Ms Potter: Yes.

Senator WATT: But so far only \$760,000 has been spent.

Ms Potter: That's correct.

Senator WATT: We're going to see a blitzkrieg of government advertising about infrastructure between now and 30 June, are we?

Ms Potter: The timing for the launch of any campaign is a matter for government.

Senator WATT: Has advertising been prepared that's expected to be rolled out before the end of this financial year?

Ms Potter: We haven't booked any advertising.

Senator WATT: Has there been any production undertaken?

Ms Potter: No.

Senator WATT: So \$10.3 million remains to be spent, but there's no advertising that's being prepared, let alone booked to be run?

Ms Potter: That's correct.

Senator WATT: Will that money then be carried over to next year, if it's not spent?

Ms Potter: That's a matter for the government.

Senator WATT: This committee will decide that, will it?

Ms Potter: No; that would be a decision of the cabinet or the Prime Minister.

Senator GALLACHER: How does it actually work? Do you get a call saying that there's \$10 million available, and go and spend it?

Mr Atkinson: No. Funding gets allocated through the normal budget processes; that's where funding allocations come through.

Senator GALLACHER: I'm trying to work out how you ramp up and ramp down. Do you literally get a call?

Mr Atkinson: No.

Senator GALLACHER: How do you do it?

Mr Atkinson: The decisions are made through the cabinet committee. Cabinet committee decisions are minuted and distributed through the normal cabinet system. That's how government decisions are transmitted.

Senator GALLACHER: Someone is told, 'There's 10 million bucks; go and spend it.' Is that right?

Mr Atkinson: Yes. It's not a call, though; it's in a cabinet minute.

Senator WATT: Has there been any evaluation conducted into how effective the spending on this advertising campaign has been?

Ms Potter: There's evaluation of the effectiveness of the campaign.

Senator WATT: How much have we spent evaluating those campaigns?

Senator Cash: We can take that on notice.

Senator WATT: Can I just check what that might be?

Ms Potter: \$375,000 for all phases of the campaign.

Senator WATT: So that's back to when?

Ms Potter: Back to 2015-16.

Senator WATT: Whom do you engage to conduct those evaluations?

Ms Potter: Hall and Partners. It's a whole-of-government arrangement.

Senator WATT: They do it for all the government advertising?

Ms Potter: Yes, that's my understanding.

Senator WATT: In general terms how effective have those campaigns been? I suppose pretty effective, minister? They helped you win an election. Is that the measure?

CHAIR: Senator Watt, was that a question or is that a general discussion point?

Ms Potter: Yes.

CHAIR: Are you staying with the department on—

Senator WATT: No, I'm directing a question to the minister.

CHAIR: You didn't have some metrics around the results?

Ms Potter: We can get to that.

Senator Cash: What was the question again, Senator Watt?

Senator WATT: My question, minister, is: how effective has this nearly \$20 million in spending been for the government? I was suggesting pretty darn effective, given it helped you get re-elected.

Senator Cash: I'll take that as a comment.

Senator WATT: Would you accept a pretty key measure of how effective this government advertising campaign is its ability to re-elect the government?

Senator Cash: Obviously the evaluation of the advertising campaign is what you would look at. My understanding is the official has taken something on notice for you to have a look at that.

Senator WATT: Ms Potter, what in general terms do your evaluations say about how effective these campaigns have been?

Ms Potter: I'd need to take it on notice. We haven't done our evaluation for a couple of years.

Senator WATT: Was there an evaluation undertaken into the \$16.9 million spent in 2018-19?

Ms Potter: Yes, there was.

Senator WATT: Can we get you to table the evaluations? That might be the most efficient way to do it.

Senator Cash: The official is taking it on notice.

Ms Potter: I'll take on notice whether I can do that.

Senator WATT: I think that's it for us in this first section, Chair.

CHAIR: Terrific. Mr Atkinson?

Mr Atkinson: Can I speak to the committee?

CHAIR: Please.

Mr Atkinson: The Universal McCann question you had, it was advertising with respect to an SBS board appointment.

Senator WATT: So they were engaged to recruit a member of the board of SBS?

Mr Atkinson: It was advertised, the role, I think.

Senator WATT: Sorry?

Mr Atkinson: Advertised the role, I think.

Senator WATT: \$58,000 to run an ad?

Mr Atkinson: For a non-executive director.

Senator WATT: Are they undertaking the recruitment itself or just running an ad?

Mr Atkinson: I think it was just an ad. Do you want me to get you, on notice, just a description of what it was that they provided?

Senator WATT: Yes. Is it normal for the department to spend such a large amount of money to run an ad to recruit a position? That seems like a very large amount of money to run an ad.

Mr Atkinson: I'll have to take that on notice.

Senator WATT: We've got our regional friends here. Welcome. I just want to start on the regional recovery partnerships. Obviously it's \$100 million that's been allocated for this partnerships program, I think, isn't it?

Mr Atkinson: Yes.

Senator WATT: And 10 regions were selected. That number hasn't changed, has it?

Dr Bacon: No, that number hasn't changed.

Senator WATT: I think we did spend a little bit of time on this at the last estimates but I just want to quickly go over: can you remind us how the regions were chosen and by whom?

Dr Bacon: Yes, we did talk about this quite a bit last time and I think my colleague Ms Purvis-Smith ran you through the data methodology that we had used to inform the selection of those 10 regions. We'd be very happy to take you through that data methodology and the considerations and data that were used. I might ask my colleague Ms Purvis-Smith to take you through that.

Senator WATT: We probably don't need to go through it in a huge amount of detail, given we did it last time. But my recollection was that at least when the government announced this it was linked to regions that required assistance particularly to recover from COVID and bushfires. They were two pretty key factors, weren't they?

Mr Atkinson: There's quite a bit more to it than that. I think Ms Purvis-Smith should probably at least go through the key elements.

Senator WATT: Why don't you give us the highlights, Ms Purvis-Smith?

Ms Purvis-Smith: Yes, I did go through it in a lot of detail last time. I can just give you the highlights. We also provided, to a question on notice, a list of all of the data that we used that went to a couple of pages long. There is a lot of data on the record as well. We used first-up actually looking at factors impact on regions by our BCARR associates, our Bureau of Communications, Arts and Regional Research, within the department. It was developed in cooperation with the states and territories. It analysed impacts at three levels: geography, the SLA4, the local government areas and the bureau's working zones. Then what we did was that we analysed to try to get an idea of what a region looked like and how it was prior to COVID, and that included looking at data on human, social, physical, economic and financial capital of regions.

It was then combined with COVID-19 impact analysis, and that was based on looking at economic data and the economic impact of COVID-19 in particular regions. That used a whole range of data looking at economic impacts such as tourism and hospitality, payroll jobs data for employment changes, the employment participation rate and JobSeeker and Youth Allowance payments. Other factors considered were JobKeeper applications, bushfire impacts and areas declared eligible for drought programs. And then data was used from a wide range of sources, which is ABS data, Commonwealth data holdings that we hold ourselves and from other government agencies and also working with the states and territories.

They're the highlights of it, and I can go into detail, but I think also, as we mentioned last time, policy factors were also taken into account and the government made decisions on which regions to identify for partnerships.

Senator WATT: What were the policy factors?

Ms Purvis-Smith: Some of the policy factors were things such as the economic contribution of regions and also it was a government decision to identify the regions. The data was one factor, a large factor, in the decision-making process.

Senator WATT: Were there some regions chosen that would not have been chosen on a strict application of the data?

Ms Purvis-Smith: That's a matter for government and, in fact, if you look at data—you can look at data, lots of data—what we did here unfortunately does not actually just provide you with a nice, neat, 'Here are the top 10 regions.' Qualitative information needs to go with the quantitative information that we had, and it was one important factor in the decision-making but it wasn't a factor where decisions could be made alone.

Senator WATT: Did the department actually recommend 10 specific regions to government?

Ms Purvis-Smith: I think that would go to advice.

Dr Bacon: The advice provided was in the context of a budget process and budget cabinet decision-making.

Senator WATT: I'm not asking you to tell me the 10; I'm asking: did you make recommendations about the regions that should be supported in this program?

Mr Atkinson: That would have been as part of any policy proposal that would be considered through the ERC budget processes, and we can't really go into the detail of what the proposals were that went into ERC rooms.

Senator WATT: I'm not asking you to give me the detail because I haven't asked you to tell me the regions. I'm simply asking whether you recommended the regions.

Mr Atkinson: That's right. You're asking what we recommended.

Senator WATT: No, I'm asking you in broad terms: did you make a recommendation about the regions that should be supported? Let's not worry about which regions.

Mr Atkinson: You're asking whether we did or did not recommend something in the ERC room, right? I can take on notice whether or not we can provide the answer.

Senator WATT: Okay. And can you also take on notice: if you did recommend particular regions whether the government decision was the same as that?

Mr Atkinson: Yes.

Senator WATT: But it was ultimately a cabinet decision or ERC decision which regions were chosen?

Mr Atkinson: It's a budget process decision, yes.

Senator WATT: Just as an example, what were the primary reasons that, say, the Hunter and Newcastle region was chosen as opposed to the Blue Mountains, the South Coast of New South Wales, which suffered significantly from bushfires and COVID? What was, in general terms, the basis for choosing Hunter and Newcastle over those other regions?

Dr Bacon: I think Ms Purvis-Smith has indicated the types of data that we looked at in analysing which regions. There was a lot of data taken into account and there were also those policy considerations. If you'd like us to compare two different regions, we'd actually need to go back through and look at different data sets, the 15 data sets that Ms Purvis-Smith has referred to, as well as policy considerations. Is that what you'd like us to do?

Senator WATT: I'm particularly interested in these policy considerations, because I can understand where data might be used to make an evidence-based decision, but policy considerations are pretty broad. Can you enlighten us about what policy considerations led to, say, the Hunter and Newcastle region being chosen over others?

Mr Atkinson: We can take that on notice, because it will depend on what the characteristics and data and those sorts of things were for that region. As Dr Bacon said, she can have a look at it.

Dr Bacon: Yes.

Senator WATT: If it's possible to come back to us on it today, that would be very good.

Dr Bacon: We'll see what we can do.

Senator WATT: Let's be honest about this: the reason we're asking about this is that there's been a history of this department—and I'm not having a go at officials—and its funds being rorted by ministers for political purposes.

Senator Cash: Chair, I think that is a very unfair reflection.

Senator WATT: I'm not reflecting on officials. I made it very clear I'm not reflecting on officials; I'm reflecting on ministers, and one minister, in particular—you're right, Senator Gallacher—rorting regional funds for the government's political purposes.

CHAIR: Senator Watt, do you want to move to a question or commentary? Senator Rice has questions and we're going to run out of time.

Senator WATT: I've got plenty of questions. I've got plenty of questions about plenty of regional rorts.

CHAIR: Senator Watt, can you just stay on topic.

Senator WATT: Who was it that decided how these regions would be composed in the sense that you've got Cairns in tropical North Queensland in one, a very narrow one focused on Gladstone, there's then an all of Tasmania, then there's one focused just on Kangaroo Island. Again, was that ERC and therefore ministers who decided what the composition of these regions would be?

Mr Atkinson: Yes. The decision on all budget measures goes through those budget processes.

Senator WATT: So it wasn't departmental advice that decided or recommended just to focus on Kangaroo Island in South Australia but let's do all of Tasmania in another one?

Mr Atkinson: That is a roundabout way of getting to the question I took on notice. The advice that we gave went into the budget and ERC processes.

Senator WATT: I am just trying to protect the department's honour. I have great confidence that you provide evidence-based, non-partisan advice. The question is what comes out the other end once certain National Party ministers get involved. How much funding has been provided through this program so far?

Dr Bacon: The total amount of funding for the Regional Recovery Partnerships was \$100 million for 10 regions.

Senator WATT: How much has actually been delivered?

Dr Bacon: We haven't had expenditure so far under this particular program. The reason is that the recovery partnerships are an exercise between three levels of government as well as engagement with various community members. Those discussions are ongoing. We would anticipate spending the vast majority of that initiative by the end of this financial year.

Senator WATT: So the government created a \$100 million fund to help regions recover from bushfire and COVID and, even though it is well over 12 months since those events occurred, not a dollar has been spent so far?

Dr Bacon: This initiative was announced in the budget context in October last year. We can explain to you the actions we have been taking since October last year, since this announcement was made.

Senator WATT: I am not so interested in the actions; I am interested in how much has been delivered.

Dr Bacon: We can explain the process in a bit more detail if that would give some context as to the progress we are making on expenditure. We anticipate the vast majority of those funds being spent by the end of this financial year.

Senator WATT: Will it be split \$10 million per region?

Dr Bacon: That's our ingoing assumption. It will depend in part on the highest priority projects that are the outcome of those conversations between three levels of government.

Senator WATT: Will this program have its effectiveness evaluated?

Dr Bacon: We put a strong emphasis on evaluating various programs at the appropriate point in time. We will look at that in detail once we have completed the program.

Senator RICE: I want to ask about the Community Development Grants, about which I have asked previous questions. I put a number of questions on notice; thanks for the responses to those. What funding remains in the Community Development Grants bucket of funding?

Ms Purvis-Smith: Could I clarify exactly what you are after? Are you looking at the CDG program as a whole?

Senator RICE: As a whole—from all the various rounds since the 2013 election announcements. I want to know the total amount of funding: what is unallocated, what is allocated but not disbursed, and what is allocated but not announced.

Dr Bacon: The figure I have here in my briefing for the total uncommitted funds in the Community Development Grants Program in 2020-21 is \$3.8 million.

Senator RICE: So that is unallocated?

Dr Bacon: That is total uncommitted funds.

Senator RICE: Does that include projects that have been allocated but not announced?

Dr Bacon: The definition I have here of uncommitted funds is made up of funding for approved projects that are not yet committed under a funding agreement contract or program of works and funding of unallocated funding. So that figure does include unallocated funding.

Senator RICE: Okay; there are a number of categories. How much is not allocated at all?

Dr Bacon: I've only got those figures that are combined, according to the definition I read out. I might need to take that on notice to get you the separate figure to pull out of that figure the unallocated amount.

Mr Atkinson: It is a very small amount, isn't it?

Dr Bacon: It was \$3.8 million for this financial year, so the amount unallocated would be, I imagine, smaller than that. But I would like to take that on notice just to confirm that I am giving you an accurate number.

Senator RICE: So take it on notice. There is allocated and announced but the contracts have not been finalised, and there's allocated and not announced. There are others where the contracts have been finalised, but the money hasn't been disbursed.

Dr Bacon: Yes; it does get quite confusing with the number of definitions we have. I am looking at the information we have provided in response to Senator Sterle for the CDG Program. We provided this morning quite a lot of information in response to that request. That includes the budgeted amount, the contracted funds, the uncontracted funds and the unallocated funds.

Senator RICE: So you are confident that information is in the response to Senator Sterle, which I haven't had a chance to look at as yet?

Dr Bacon: There is a lot of information in that request.

Senator RICE: Does that give a breakdown by financial year as well, or is that just the last round of funds? Does that also include the funding rounds of previous periods of government?

Dr Bacon: I am trying to find it in the detail in the request, which is quite large.

Ms Purvis-Smith: Senator, it does have information by some financial years; it doesn't go back all the way. It is data as at 31 December 2020. It includes the budget 2021 appropriation, contracted funds, uncontracted funds and unallocated funds. It provides information from 2021 by financial year: 2021-22, 2022-23, 2023-24, 2024-25 and 2025-26.

Senator RICE: Do the funds that remain go back to financial years, or are they just allocated to 2013 and 2016?

Ms Purvis-Smith: One column there has pre-2021 information, just aggregated into one, rather than going back to 2016.

Senator RICE: Can I get that financial year breakdown for the allocations and amount remaining unallocated?

Ms Purvis-Smith: So that I can be clear in what we can provide, you would like that breakdown back to which year?

Senator RICE: I think it began in 2013.

Mr Atkinson: By definition, it is in the future. So a year by year of unallocated?

Ms Purvis-Smith: It might not give you unallocated. For example, the answer to the Senator Sterle request in 2021 does provide some unallocated funds—

Senator RICE: What I want to know in terms of unallocated is how much of the various programs, probably in the election period—so from 2013 to 2016, or in terms of government—has been allocated from the funding that was announced in 2013, then again in 2016 and again in 2019.

Mr Atkinson: So how much was unallocated at points in time in history?

Senator RICE: Yes.

Ms Purvis-Smith: Okay.

Mr Atkinson: I'm not sure our system—

Senator RICE: It is probably looking at, say, the grants programs from 2013 and just before the 2016 election and how much of that was not allocated from that grants program.

Mr Atkinson: The challenge for our system is going to be that things move from unallocated to allocated to contracted to completed. They are designed around reporting it now, if that makes sense. So we have contracted, uncontracted, unallocated for what it is right now, looking forward. Can we see what we can do?

Senator RICE: That would be appreciated.

Mr Atkinson: There are thousands and thousands of projects.

Dr Bacon: Yes, we will see what we can do, whether it's a budgeted amount and then an actual spend. The challenge with that, on top of what the secretary has explained, is that if a project is delayed, for example, and it tips over from June to July, when the milestone payment is actually made, our profiles can be a bit lumpy. So if a proponent has been affected, say, by a natural disaster, what we predicted we might spend on a project, in contracted milestones—those payment milestones—might slip. So it can be a bit lumpy. But I think we understand the intent, Senator, so we can see what we can do to provide you with something that makes sense and is not going to be misleading in terms of all these different variables.

Senator RICE: That would be appreciated. In relation to some of the responses to my questions on notice, what are the two 2013 election announcements that are under assessment or waiting project information? We are eight years on.

Ms Purvis-Smith: I am not sure I have that with me. I will see if we can get it quickly for you. If not, we will take it on notice and get back to you.

Senator RICE: Okay, and also the 2013 election announcements that are approved but not contracted or contracted and haven't hit milestones. Again, we are eight years on.

Ms Purvis-Smith: I think we might have provided you previously with a list of the 2013 detail and the list of the 2013 projects.

CHAIR: That does sound familiar; we have covered this one before.

Senator RICE: I think what I was given—and I haven't got the QON open here—was just that there were two projects. I want the details of what these projects are.

Ms Purvis-Smith: We can provide that for you.

Senator RICE: Similarly, 11 2016 election commitments are under assessment or awaiting project information. Can I get the details of those? When will you be able to get them to me?

Ms Purvis-Smith: We will see what we can do. Hopefully, we will be able to get some to you today. We will see what we can do for you quickly.

Senator RICE: It would be good if we could get them today; thank you. I have another lot of questions about a particular project; I am not sure whether you can answer it here or whether it is under infrastructure investment. It's about a new overpass, the McCoy Street overpass in Wodonga.

Ms Purvis-Smith: It doesn't ring a bell; bear with me.

CHAIR: We will leave that one to the Infrastructure Investment Division.

Senator RICE: Okay, I will come back to that.

Proceedings suspended from 10:28 to 10:46

CHAIR: We will recommence. Mr Atkinson, you have some information that you'd like to table, I understand.

Mr Atkinson: Yes, there are two things. With the question around the recruitment advertising that Senator Watt asked, we've provided a detailed answer back to you, Senator Watt, on that in QON 3206. The answer is that there was quite extensive advertising. I believe Ms Spence has a quick update as well.

Ms Spence: In relation to question 359, the details about the Western Sydney triangle were included there. In terms of the additional information that was sought, our finance system doesn't actually produce that and, given the volume, it's difficult to find it, but the information is on the public record. The purchase of the Leppington Triangle occurred on 31 July 2018 and it was reported in our 2017-18 annual report. The value of the purchase was disclosed in the 2018-19 annual report. I can give you page numbers, if that would be useful.

Senator WATT: Thanks for that, Ms Spence. What we were after was a little bit more than that, though. We were after details of all of the land that had been acquired by the department.

Ms Spence: Yes. The actual packages are there, but, as we said earlier, many of those date quite a way back. It would take some time to get the additional information.

Senator WATT: Okay. We've got the details of the land that was acquired for Leppington Triangle?

Ms Spence: Yes.

Senator WATT: And you're working on the others?

Ms Spence: Yes.

Senator WATT: Great; thank you.

CHAIR: Was there any more information to be tabled or shall we move back to questions?

Mr Atkinson: The only point of clarification is that most of those acquisitions probably date back to the old department of admin services. It's potentially not us, but we'll dig out what we can.

CHAIR: Thank you, Mr Atkinson. Senator Watt, we will go back to you.

Senator WATT: I have a couple of questions about the \$50 million Recovery for Regional Tourism fund that was announced in September, and specifically about funding allocated for some Tasmanian projects. You've said before, Mr Atkinson, that the whole point of this economic support is to deliver it in a targeted and timely manner. That's the objective for all of the economic recovery funding?

Mr Atkinson: That was the principle that I was articulating with respect to aviation.

Senator WATT: Whether it's aviation or tourism, it's pretty important that the funding is provided in a targeted and timely manner?

Mr Atkinson: Generally.

Senator WATT: It stands to reason. Is there any reason that this Recovery for Regional Tourism grant has been left open for 12 months?

Mr Atkinson: It's my understanding that it's actually an Austrade program.

Dr Bacon: Senator, just to clarify, are you talking about the measure that was announced as part of the regional budget package in last October's budget?

Senator WATT: I suspect so. These are the details I've got: it was announced on 27 September, and it was a \$50 million Recovery for Regional Tourism package.

Dr Bacon: Yes. That initiative is being administered by Austrade.

Senator WATT: Okay; so we're better off putting questions to them?

Dr Bacon: That's right, yes.

Senator WATT: We shall do that. Going back to Community Development Grants, I don't think my questions double up on anything that Senator Rice asked, but I'm sorry if there is any overlap. Can you give us an update on how many projects have now been funded under the Community Development Grants Program since its inception after the 2013 election?

Dr Bacon: As at 31 December 2020 there are 1,423 projects being delivered through the CDG.

Senator WATT: 1,423?

Dr Bacon: That's right.

Senator WATT: And did you say being delivered?

Dr Bacon: That are being delivered, yes.

Senator WATT: Is that the same as the number that have been committed or—

Dr Bacon: Yes, that does include the completed projects.

Senator WATT: I thought from our previous discussions on this that some projects that had been announced are no longer proceeding?

Dr Bacon: We did have a discussion at the last estimates about a line item in Budget Paper No. 2 about CDG. It was a global figure for CDG of a little over \$100 million; that is my recollection. Some of the projects had been announced at the time that we spoke during the last estimates and some of them had not yet been announced.

Senator WATT: In that 1,423 there are no projects which were announced but are not being delivered?

Dr Bacon: I would have to double-check the basis on which we've compiled that 1,423 figure. My understanding is that they are all of the projects that have been announced. I will double-check that for you on notice, Senator.

Senator WATT: Okay. Are you able to tell us how many of those were not election commitments?

Dr Bacon: I think we've spoken about this at previous estimates, Senator. Our evidence has been that, considering the 2019 budget commitments—and those commitments, as you know, were immediately prior to a federal election—taking that into account, the significant majority of projects are from the 2013, 2016 and 2019 elections.

Senator WATT: I'm certainly aware that this program has been used to fund election commitments. I'm not making an issue out of that. But on occasions it has also been used for projects that have not been election commitments.

Mr Atkinson: It's primary purpose is delivery of election commitments.

Senator WATT: Can I have a figure for how many projects have not been the subject of election commitments?

Mr Atkinson: We can find that.

Dr Bacon: Yes, I can give you the total projects for the election commitment period, Senator.

Senator WATT: Yes, that would be great.

Dr Bacon: For the 2013 election commitments, I have here a total of 287 projects. There are other projects, Australian government commitments, prior to 2019, which is 124 projects. The 2016 election commitments were 455 projects. For 2019, Australian government election commitments were 206 projects. The number of projects that I think I mentioned earlier, just in the lead-up to the 2019 election, were 312 projects.

Senator WATT: 312?

Dr Bacon: That's right.

Senator WATT: I think the figures you've given me were 287 for 2013, 455 for 2016, 206 for 2019 and 124—what were they?

Dr Bacon: 124 commitments, Australian government commitments, prior to 2019.

Senator WATT: That were not the subject of election commitments?

Dr Bacon: That's my understanding, yes.

Senator WATT: Okay. What was the 312?

Dr Bacon: The 312 were in the budget that was immediately prior to the 2019 election.

Senator WATT: Again they were not election commitments?

Dr Bacon: No, they were immediately prior to the election.

Senator WATT: Does that mean, if we add all of those up, we get to 1,423?

Dr Bacon: There's also another category I have here, which is 2020 Australian government commitments. There are 39 projects in that category.

Senator WATT: 39?

Dr Bacon: That's right.

Senator WATT: That were made in 2020 and were not election commitments?

Dr Bacon: That's correct.

Senator WATT: Feel free to correct this if I've interpreted it wrongly: does that mean that, if we're looking at 1,423 in total, and those that were election commitments were 287 in 2013, 455 in 2016 and 206 in 2019, apart from that, there are three bundles, if you like, of grants that were not election commitments—124, 312 and 39?

Dr Bacon: Yes.

Senator WATT: If we add all of those together, we should get to 1,423?

Dr Bacon: I don't have a calculator here to add them up, but that's my understanding.

Senator WATT: Certainly, the number ends in three. I haven't been able to add it up in total in that amount of time. About 460 or so are not election commitments?

Dr Bacon: If that's what those numbers add up to, Senator, technically, that would be correct.

Senator WATT: Nearly a third of these grants that are primarily about election commitments are actually not election commitments. Is that how the funds were intended to be used?

Mr Atkinson: It's within the guidelines for those projects to be administered in that way.

Senator WATT: Is that because the guidelines basically say they can be used for whatever, whenever?

Mr Atkinson: They don't specifically say that.

Senator WATT: They must be pretty broad, if this money can be used whenever the government chooses to.

Dr Bacon: The guidelines set out the objectives of the program, which are to support needed infrastructure that supports social and economic outcomes in local communities.

Senator WATT: Of the projects that were funded as election commitments in 2013 and 2016, can you give us an update on how many are yet to be delivered for each of those elections?

Dr Bacon: Senator, I have here the completion figures rather than the not completed figures. For the 2013 election commitments—and this is as at 31 December 2020—I have here that 99 per cent of those projects are contracted and that 96 per cent of those projects are delivered. The definition of 'delivered' is that construction is complete and that the last milestone payment may not yet be made. But 96 per cent under that definition is delivered. That's for the 2013 commitments.

Senator WATT: Do you have the ones for 2016?

Dr Bacon: For 2016 commitments, the number of contracted projects or the percentage is 98 per cent contracted, and 81 per cent delivered.

Senator WATT: That's one in five, or about 90 of the 455 election commitments from 2016 are yet to be delivered?

Dr Bacon: I'd want to double-check whether I've got a precise figure in my notes.

Senator WATT: Feel free to come back to us on that.

Dr Bacon: Okay, thanks.

Senator WATT: You said earlier that 39 projects have been funded under this program since the 2019 election, or at least that was the number for 2020?

Dr Bacon: It's 39 projects for 2020 Australian government commitments.

Senator WATT: Do you have a figure for 2019 post the election?

Dr Bacon: I'll check with my colleagues, but my understanding is that that figure would incorporate that. I'll double-check that, Senator. I think that figure of 39 is just 2020 commitments. Yes, they are 2020 commitments.

Senator WATT: Were there any further commitments made in 2019 apart from those that were election commitments in 2019?

Dr Bacon: I'll have to get that figure on notice, if you don't mind.

Senator WATT: Thanks.

Dr Bacon: I don't have that breakdown in my notes.

Senator WATT: Thanks. How were these projects that were selected outside election commitments selected?

Mr Atkinson: They get selected through budget processes.

Senator WATT: Through budget processes? In practical terms, what does that mean? Does a minister say—

Mr Atkinson: It means a proposal gets agreed to by government through the budget process.

Senator WATT: A minister said, 'We want to fund a project,' and the funding is obtained through the budget process?

Mr Atkinson: Yes, the approval. It may be out of unallocated funding.

Senator WATT: Yes, but there's no formal process in the sense of applications or—

Mr Atkinson: It's not a competitive process.

Senator WATT: No, it's sort of whatever is on the minister's wish list. They come to you and say, 'Find us some funding,' and we have this bucket and we just go and raid it every time we need a—

Senator Cash: Chair, to be fair, there are actually guidelines, and that's a little crude, Senator Watt. I know you're making a political statement, and that's fine, but there are processes and procedures that are clearly set out in the guidelines.

Senator WATT: Let's be serious. We all know this fund is just used to make commitments whenever wanted. To give you an example, the Rockhampton stadium grant, \$23 million, that just happened to be given and awarded in the middle of the Queensland state election. There was no process for that, was there?

Dr Bacon: The way that our process works—and as the minister has already explained, we do have the published guidelines for this program—and the way that the department's process works, which is what we can mostly talk about, is that the project is identified by government and we then initiate our processes around sending a request for information form to the applicant. Then we will do an assessment against the criteria that is set out in the published guidelines.

Senator WATT: But that's after the minister has made the decision to make the grant?

Dr Bacon: Under this program the processes are initiated when there is a government announcement, that's correct.

Senator WATT: There's no formal process to evaluate the merits of a project. The government makes an announcement that it's going to fund Rockhampton stadium or whatever the project might be and then there's a process that's retrofitted to get some detail?

Dr Bacon: We always assess every project against the criteria that are set out in the guidelines, which includes a value-for-money assessment.

Senator WATT: Yes, but after the announcement is made?

Dr Bacon: Under this program it commences with a government announcement, that is correct.

Senator WATT: Once the government has made an announcement have you ever then gone back to the government and said, 'Sorry, this doesn't meet the criteria'?

Mr Atkinson: It might be worth me pointing out that this is the same program or a variation of it that we used prior to 2013.

Senator WATT: I knew you would say that. But you would agree that the similar program in place under previous Labor governments was used to fund election commitments and not during elections, wasn't it? And that's the point.

Mr Atkinson: I'm not sure of that. I'd have to take that on notice.

Senator WATT: We've checked that, because we anticipated that would be said. That's the difference here. This fund gets raided by this government in between elections as well.

Senator Cash: Chair, I think that is yet again unfair. Again, I'm happy for you to make your point.

Senator WATT: How would you characterise it?

Senator Cash: But it's an unfair political characterisation. There are clear guidelines that are set out in relation to the use of the fund.

Senator WATT: Yes, and we've heard that those guidelines are used after the event to help justify an announcement that the government has already made.

Senator RENNICK: But it also happened prior to—

Senator WATT: If you'd been listening you would have heard that it wasn't used in that manner prior to 2013.

Senator RENNICK: Guidelines are guidelines.

CHAIR: Can I just say that we're going to run out of time.

Senator WATT: Have any projects been announced using funding from this program since the Rockhampton stadium, the Regional Indoor Aquatic and Leisure Centre in Mount Barker and the Goolwa Oval Sporting Precinct last year, or are they the last ones?

Dr Bacon: From memory—and I'd need to check Budget Paper No. 2—those projects were announced in the context of the budget. Just to clarify, is your question about whether there have been any additional CDG projects announced since the October budget?

Senator WATT: Since those three.

Dr Bacon: I might ask my colleague Ms Hibbert to come to the table.

Senator WATT: Thanks.

Ms Hibbert: We've had a number of projects announced since the October budget. Would you like me to go through the list?

Senator WATT: How many are there?

Ms Hibbert: Twenty-one.

Senator WATT: I think I'd better get you to, if you can, just run through them and tell us the dollar figure, please, for each one, and if it's possible to tell us the state that they're in as well. I won't necessarily recognise the locations.

Ms Hibbert: No problem.

Senator WATT: And to be clear, these are Community Development Grants that have been announced since the budget, last year's budget?

Ms Hibbert: Yes.

Mr Atkinson: Since the October budget.

Ms Hibbert: Since October. The first one is the Rockhampton stadium. We've already discussed that one. There is the Kenmore-Moggill RSL cadet unit project. That's in Queensland.

Senator WATT: How much is that one?

Ms Hibbert: \$100,000. There is Adelaide Holocaust Museum and Steiner Education Centre, that's \$2.5 million, in South Australia; the Queensland Holocaust Museum Education Centre in Queensland, \$3.5 million. You've already mentioned the Mount Barker aquatic centre and the Goolwa Sports Precinct. There's also the Amy Gillett Bikeway, which is in South Australia, \$2.6 million; the Flat to Vale Trail in Onkaparinga in South Australia, \$1.5 million; the Mount Barker and Victor Harbor TAFE campus upgrades in South Australia, \$1 million; the Morton Sports Club change room project in South Australia, \$600,000, the Yankalilla Community Library fit-out, \$300,000, South Australia, the Melbourne Indigenous Transition School boarding house for boys project in Victoria, \$10 million, the Danny Frawley Centre for Health and Wellbeing in Victoria, \$8.5 million, the Hawthorn Football Club redevelopment project in Victoria, \$15 million, the Southern Grampians Shire Council Oval project in Victoria, \$1.2 million, the construction of the Champion Academic Centre at Champion College, \$5

million, New South Wales, the Kempsey Youth Hub in New South Wales, \$6.5 million, the Canberra Holocaust Museum in the ACT, \$750,000, the ISIS Central Sugar Mill transloader in Queensland, \$2.5 million, the Swanbourne Nedlands Surf Life Saving Club upgrade, \$610,000. On the weekend we actually had one further project, the Hakoah White City redevelopment of \$15 million—

Senator WATT: Sorry, what state is that one in?

Ms Hibbert: What state?

Senator WATT: Yes.

Ms Hibbert: I don't have the state actually. I'll have to find that out.

Senator WATT: That's all right.

Dr Bacon: Just to clarify, I think the list that Ms Hibbert has read out is the announcements that have been made including money that was announced in the budget. So we might be able to come back to you on notice and just whittle down which ones were not included in the budget and have been announced since the budget.

Senator WATT: Okay.

Dr Bacon: I think it might be two of the ones on Ms Hibbert's list but we will come back to you on notice just to confirm that detail.

Senator WATT: You administer this program, Ms Hibbert?

Ms Hibbert: Yes.

Senator WATT: Typically how do you find out that the government would like to fund a particular project?

Mr Atkinson: I think Dr Bacon answered that earlier.

Dr Bacon: Yes. As I was explaining, the process will commence with a government announcement. And that's due to the design of the program which, as we've talked about, is largely to deliver the government's election commitments.

Senator WATT: Does that mean departmental officials find out about a project when they see a press release from a minister?

Mr Atkinson: Usually we would find out through budget processes.

Senator WATT: Even though some of these projects are being funded outside the budget?

Senator CHISHOLM: How did you find out about this one?

Ms Hibbert: I beg your pardon, I found out it was announced by looking in the media.

Senator WATT: You administer this program?

Ms Hibbert: However, I found out that the project was committed to through the budget process.

Senator CHISHOLM: Obviously.

Ms Hibbert: Matters of announcement are matters for government. So we're not directly involved in the logistics around announcements of projects by various ministers.

Mr Atkinson: We find out through the decisions to fund projects through the decision-making processes.

Senator CHISHOLM: But surely you'd have some involvement on working out what these projects would cost? They'd use the departmental expertise to get a sense of how much money they should be putting forward for such a project?

Dr Bacon: I think we've explained our process previously in relation to this program. It commences with a government announcement and then we go through a process of engaging with the applicant or the proponent of the project. We have what we call a request for information form. We ask them for a range of details that Ms Hibbert could go through about what the details are around the project that we ask for. And then we commence our assessment against the criteria that are in the published guidelines.

Senator CHISHOLM: Sure, but every time the government make the announcement they have a dollar figure attached to it. Where do they come up with that dollar figure?

Dr Bacon: Often these are questions that are considered in the budget process context that the secretary has talked about.

Senator WATT: How much money remains budgeted for this program over this year and across the forward estimates? If you could give that to me year by year, that would be great.

Ms Purvis-Smith: I believe that's in the Senator Sterle request that we've tabled today.

Dr Bacon: Yes, that is true. I think we've tabled that, at the program level.

Senator WATT: Could I just move on to regional deals. In October last year you told us that the Albury-Wodonga deal was still being negotiated. Can you just give us an update on how that's progressing?

Dr Bacon: Yes. I might ask my colleague Mr Stankevicius to come to the table. He's been directly involved in the negotiation of the Albury-Wodonga regional deal.

Mr Stankevicius: Albury-Wodonga is progressing very well. I think I explained last time that we started the process by engaging 70 local stakeholders in the development of priorities for the deal, along with six themes that have been agreed to by all levels of government. That then went through a significant feasibility study process. That feasibility study process teased out for us whether it was something that all five governments wanted to agree to, to support going forward in the deal. We had a meeting with the officials from five governments last week in Albury-Wodonga so that we could start developing the priorities for those projects that we would need to commit funding or policy support to, to then go forward to the joint ministerial committee for decision over the coming months.

Senator WATT: When do you anticipate those negotiations will be completed?

Mr Stankevicius: All governments are committed to signing a release on the deal by the middle of this year.

Senator WATT: Has there been any progress for getting any other regional deals?

Mr Stankevicius: That's a matter for government. The government has announced three pilot deals: Barkly in the Northern Territory, Hinkler, Wide Bay-Bundaberg region in Queensland and the Albury-Wodonga deal. It's a matter for government as to what future locations if they choose to—

Senator WATT: Have you provided any advice to government about additional regional deals?

Mr Atkinson: That sort of advice would, once again, be through the normal budget processes.

Senator WATT: Does everything get done through the budget process? You don't provide advice to ministers outside the budget process?

Mr Atkinson: Yes, we do, but not on these things.

Senator WATT: Advice is being provided to ministers on regional deals through the budget process?

Mr Atkinson: I said if we were to be providing advice, the consideration of it would be through the budget process, just for precision. But, yes.

Senator WATT: You don't provide any briefs to ministers about regional deals outside the budget process?

Mr Atkinson: We do provide briefs about regional deals.

Dr Bacon: We provide, for example, regular updates to our portfolio ministers about the progress of the three pilot regional deals. For example, I know that with the Barkly regional deal I think it's a quarterly implementation update that we provide to our ministers.

Senator WATT: Has there been any additional expenditure on either the Hinkler or Barkly regional deals since October last year?

Dr Bacon: Yes. We have the relevant officers here, if you'd like to start with the Barkly regional deal, if that's convenient?

Senator WATT: Yes.

Dr Bacon: I might ask my colleague Mr Faris to come to the table.

Senator WATT: I don't need to spend a lot of time on this. If you have something there that sets it out, I am happy for you to table the expenditure on the Barkly deal.

Mr Faris: It's a pretty quick story.

Senator WATT: So since October last year.

Mr Faris: Two extra payments on top of what we told you last year about expenses. One has been a \$2 million milestone payment to the Northern Territory government for progressing the Tennant Creek Visitor Park. The other has been a \$400,000 payment to Sports Australia as part of our agreement with them for overseeing the Community Sports Project. So that's \$2.4 million since we last spoke.

Senator WATT: Thanks. Do you cover Hinkler as well, or is that another officer?

Mr Faris: I don't.

Dr Bacon: My colleague Ms Forbes here can talk about the Hinkler deal to give you an update.

Ms Forbes: For the Hinkler regional deal, the expenditure for this financial year has been \$2.9 million for the Hervey Bay airport upgrade as well as the Ag-Tech Facility at Bargara.

Senator WATT: So \$2.9 million in total?

Mr Faris: In total.

Senator WATT: How much is for each of those?

Mr Faris: I would have to give you a further breakdown on that one. There is more expenditure to plan for this financial year going forward as well.

Senator WATT: I am specifically after additional expenditure since October last year. Is that \$2.9 million since October?

Mr Faris: That is this financial year; that is correct.

Senator WATT: This financial year, including pre-October?

Mr Faris: I will have to get that detail for you. I will take that on notice.

Senator WATT: I am specifically focusing on expenditure since October last year. What expenditure is anticipated this financial year?

Mr Faris: Further expenditure anticipated for this financial year is a total of \$7.4 million. That is for the finalisation of the Hervey Bay airport, at \$4.1 million, the Ag-Tech facility at Bargara, and the Port of Bundaberg outer harbour study.

Senator WATT: Is any consideration being given to providing funding for a new flood levee in Bundaberg through that regional deal?

Mr Faris: That's not within the Hinkler regional deal. All the funds for the Hinkler regional deal have been outlined in the implementation plan.

Senator WATT: So there are no new projects that you are looking at funding through the Hinkler deal that have not already been partly funded?

Mr Faris: There is nothing budgeted for it at present.

Senator WATT: Thanks for that. The last question in regional development—we do have some local government questions, though—is to do with the Building Better Regions Fund. When do you expect decisions to be taken on the fifth round of the BBRF?

Dr Bacon: For round 5 the closing date was 12 March. Applications for round 5 opened on 12 January 2021 and closed on 12 March.

Senator WATT: Do you have any idea when decisions will be made, and successful people announced?

Dr Bacon: We go through a very comprehensive merit analysis, which the grants hub supports us on. It takes at least a couple of months. As I recall previous rounds and how long it took, it was probably between 2 to 3 months.

Senator WATT: Does the fifth round of this program require a co-contribution from project proponents?

Dr Bacon: Yes. Unlike the drought round, which was an exception, I think under this round the co-contribution requirements are in place.

Senator WATT: Is there any sign that that has limited the number of applications, given that a lot of tourism businesses are doing it pretty tough?

Dr Bacon: We don't see signs of any limits with the number of applications that we get for BBRF. There's a very strong response, and I think we could say there has been a strong response for this round as well.

Senator WATT: How many applications have you received?

Dr Bacon: I am just checking with my colleagues who are aware of that. Ms Hibbert has the details.

Ms Hibbert: For round 5 we received 789 applications for infrastructure project funding and 283 applications for the community investment funding.

Senator WATT: If you were to grant every single one of those, what would that amount to in terms of what has been asked for?

Ms Hibbert: I am not sure if I have that information with me. No, I don't.

Senator WATT: I am assuming it's pretty well oversubscribed though?

Ms Hibbert: Absolutely.

Senator WATT: How much is available—\$200 million?

Ms Hibbert: Yes.

Senator WATT: Right. Who is the decision-maker for this round of the program?

Dr Bacon: The ministerial panel, and ultimately cabinet. These decisions go through a cabinet process.

Senator WATT: Who is on the ministerial panel?

Ms Purvis-Smith: That has yet to be decided. The ministerial panel, as far as I am aware, has not yet been appointed.

Senator WATT: But as its name suggests, it will be a group of ministers?

Ms Purvis-Smith: If previous BBRF rounds are anything to go by, you could expect it to be a group of ministers who will then provide recommendations to cabinet.

Senator CHISHOLM: I have some questions around financial assistance grants for councils. Because Commonwealth revenue has decreased, have there been any changes to the budget parameters used for financial assistance grants indexation?

Dr Bacon: I will ask my colleague Mr Faris to come to the table. He has responsibility in his branch for administering the FA grants program.

Mr Faris: The short answer is no. The system is established under legislation and so all of the indexation parameters are embedded in the legislation.

Senator CHISHOLM: Okay. But given that Commonwealth revenue has decreased, has that had an impact on the indexation?

Mr Faris: No, Commonwealth revenue is not one of the factors in the legislation.

Senator CHISHOLM: So what is the total funding breakdown for the 2020-21 financial year?

Mr Faris: For 2020-21, the budget papers show a line appropriation of \$1.24 million for the financial assistance grants for this year.

Senator CHISHOLM: What about for the outyears from the 2021 budget?

Mr Faris: Again, public information, Senator. So for 2021 it is \$2.604 million; for 2022-23, \$2.661; and for 2023-24, \$2.740. So you can see that that statutory indexation is being applied throughout.

Senator CHISHOLM: I note that the forecast is lower than it was in the 2019-20 budget. Have any councils indicated that the proposed decrease in financial assistance grants has caused projects to be cancelled?

Mr Faris: We haven't had those indications, no.

Senator CHISHOLM: Has the department informed councils of this reduced funding forecast prior to the budget?

Mr Faris: The normal process is through the budget process, so everyone can see at the same time what those projections are. They are embedded in legislation. One of the purposes of the legislation is to provide certainty for people over time, so they can know with a degree of confidence—as you can see for the next five years through the budget papers—what that funding will be.

Senator CHISHOLM: So what is the main reason for the forecast change?

Mr Faris: There are a number of factors in the legislation. They include population and CPI. Both of those will have been affected by COVID-19. So when the budget calculations were done with the latest projections in October last year that would have flowed through to those numbers over the forward estimates.

Senator CHISHOLM: Thanks. I have some questions in regard to local government and vaccine rollout. Has the minister for local government consulted with any local governments regarding the use of council spaces for vaccine rollout?

Dr Bacon: Senator, as you know, the minister for local government is also the minister for regional health. He is very active in that portfolio. I can't speak for what conversations he has had with which local governments, so it might be safest to refer that to the minister. But I imagine he is actively engaged in conversations with a range of stakeholders in his capacities.

Senator CHISHOLM: Has the minister for local government consulted with local governments to discuss the role they can play in promoting and sharing information on the efficacy and safety of the COVID-19 vaccine?

Dr Bacon: I would probably need to take that on notice. I am not personally aware of what conversations have taken place.

Senator CHISHOLM: Has the minister for local government contacted the minister for health regarding the role local government can play in the rollout of the COVID-19 vaccine?

Dr Bacon: Again, I would have to take that on notice. I am not personally aware of what conversations have taken place.

Senator CHISHOLM: What role will local government play in the rollout of the vaccine?

Dr Bacon: It might be a question better directed to our department of health colleagues, who are supporting and advising government about the vaccination rollout plan and strategy.

Senator CHISHOLM: So, as far as you're aware, there's no role for local government from a departmental point of view?

Dr Bacon: I would need to take on notice what role local government may have. We consult with our portfolio colleagues across a range of portfolios in terms of the valuable role that local government plays on a broad range of issues. I am not personally aware of whether we have had conversations with our health colleagues about those matters. I think it would be safest to refer those questions to the health department.

Senator CHISHOLM: I am specifically asking about local government's role. Surely there would be some awareness of what local government are going to be doing in the vaccine rollout and if there has been any engagement—

Senator Cash: To be fair, the witness has taken it on notice for you in terms of discussions that may have or may have not been had. Also, my understanding is these are probably better directed to the health portfolio, Senator.

Senator CHISHOLM: Sure, but if they have spoken to local government, the local government department would be aware.

Dr Bacon: I am happy to take that on notice.

Senator Cash: The witness said she would take it on notice for you.

Senator CHISHOLM: Are there any protections in place for local government workers who may be working at vaccine sites?

Mr Atkinson: That is definitely a question for the health portfolio. The vaccine rollout is being coordinated centrally. We can find out on notice the answer.

Senator CHISHOLM: Just some questions around local government in the national cabinet. You may be aware that the President of the Local Government Association, Councillor Linda Scott, said that the decision to exclude local government from the national cabinet had deprived decision-makers of the collective energy, wisdom and on-the-ground knowledge of 537 local councils across the country. Did the Minister for Local Government or the department agree with the move to not include local government in the national cabinet?

Dr Bacon: I think that asks for our opinion, Senator.

Senator STERLE: No, it doesn't. You were simply asked a question. It is not a matter of opinion, with the greatest of respect to you. You either say yes or no. You either know or you don't know.

Dr Bacon: I was just going to mention the range of fora that the Australian Local Government Association is involved in, where we have engagement which includes the Rural and Regional Reform Committee of national cabinet on relevant items relating to regional delivery. We also have regular engagement with our Australian Local Government Association colleagues as part of the senior officials group that supports that particular subcommittee of national cabinet.

Senator CHISHOLM: Sure, but the national cabinet has basically replaced COAG. Local government had a place on COAG; now they don't have a place on the national cabinet.

Mr Atkinson: I don't think they would characterise it as them having replaced one another. Certainly, the information I have is that they are quite different to COAG, and that's intentional.

Dr Bacon: I know that the Australian Local Government Association participates in the Federation Reform Council.

Senator CHISHOLM: Minister, do you agree that local government should not be represented on the national cabinet?

Senator Cash: I don't think that's the evidence from the officials. They have certain roles to play in terms of national cabinet and the make-up of national cabinet. I would need to take on notice how those decisions were made.

Senator CHISHOLM: Has the minister for local government advocated for the return of local government to such a position?

Senator Cash: I would need to take that on notice.

Dr Bacon: Sorry, Minister; I was just going to mention that the minister for local government has regular meetings as part of a local government ministers' meeting, so he engages actively with his local government counterparts from all of the jurisdictions.

Senator CHISHOLM: That's great. When he does that does he actually say to them that he's going to advocate for them to be returned to the national cabinet?

Dr Bacon: I think that questions about national cabinet composition are questions for first ministers.

Senator CHISHOLM: Has he provided any undertaking to local government that he will request that the Prime Minister include local government in the national cabinet?

CHAIR: I think we have covered off on this, haven't we? Do you want to provide some of these questions on notice, Senator Chisholm, for both government ministers?

Senator CHISHOLM: I've only got a few more to go.

CHAIR: Sure. It's just that the local government minister isn't here, so you might provide the questions on notice. It is up to you.

Senator CHISHOLM: Sure. Does the minister for local government agree with the call from Wagga Wagga Council, in Minister McCormack's seat, which moved a mayoral minute on 24 August 2020 that council would seek a meeting with their local federal member to discuss the importance of having local government representation on national cabinet and the value of partnerships with council in achieving the objectives of the national cabinet?

CHAIR: Can I just clarify: you are asking whether the local government minister agrees that those were the minutes that were taken?

Senator CHISHOLM: No. I asked whether the local government minister agrees with the call from that council.

Mr Atkinson: Sorry, the local government minister?

Senator CHISHOLM: Yes.

Dr Bacon: I think we might need to take that on notice, Senator.

Mr Atkinson: We'd have to take that on notice. I don't know what it is.

Senator CHISHOLM: Are you aware if Wagga Wagga Council did meet with Minister McCormack following this council request to discuss local government representation in national cabinet?

Dr Bacon: I haven't personally attended such a meeting. I would probably need to take it on notice to double-check whether we provided any briefing for a meeting.

Senator CHISHOLM: I have some other questions regarding local government bushfire support. Following the release of recommendations by the royal commission into natural disaster arrangements, what work has the department undertaken to ensure that local government is sufficiently equipped to deal with its responsibilities under the arrangements?

Dr Bacon: My understanding is that the Department of Home Affairs—and, I assume, Emergency Management Australia—has been looking at the recommendations from that royal commission. In terms of immediate bushfire relief and recovery efforts, they have been coordinated by the National Bushfire Recovery Agency.

Senator CHISHOLM: So far the department hasn't seen the need to undertake any work?

Dr Bacon: I am not familiar with the work that's been done in other portfolios, but I'd be really happy to take that on notice and check that.

Senator CHISHOLM: The recommendations from the royal commission into natural disaster arrangements were tabled in parliament on 30 October 2020. Since then has the minister for local government consulted with bushfire or flood-affected councils about what additional support they require to fulfil their responsibilities under the arrangements?

Dr Bacon: I am sorry, Senator, I would have to take that on notice to check what conversations the minister has had.

Senator CHISHOLM: Are you aware whether they have written any letters in general to all councils about this issue?

Dr Bacon: I am sorry; if who has written letters?

Senator CHISHOLM: The minister.

Dr Bacon: If the minister for local government has written to councils?

Senator CHISHOLM: Regarding this issue.

Dr Bacon: Regarding emergency management?

Senator CHISHOLM: Yes.

Dr Bacon: Not that I'm aware of, but I would want to just double-check that, on notice, to make sure that that's an accurate answer.

Senator CHISHOLM: Has the minister for local government consulted with state and territory governments about the necessary work required to support local government under the arrangements?

Dr Bacon: A range of matters have been covered in the local government ministers' meetings that I mentioned earlier. I can't recall us having an agenda item about the emergency management roles and responsibilities that have come since the commission. I might ask my colleague Mr Faris to expand on that.

Mr Faris: There is some ongoing work across jurisdictions around local government capability and capacity more generally. Part of that consideration is actually the two recommendations that I recall in particular from the royal commission going directly to local government roles in both emergency management, risk reduction, and then emergency response. So within that context there has been some ongoing consideration and discussions—recognising, of course, that the responsibilities and the actions will often be driven through state governments.

Senator CHISHOLM: Has the minister for local government or department provided support to local government in evaluating the effectiveness of existing financial assistance measures, particularly dealing with recovery support that is made available to local government during and following natural disasters?

Mr Faris: On the natural disasters question I would probably defer to colleagues in other agencies; but in relation to the financial assistance grants, we're always very keen to hear how those funds are being applied. They are untied in the hands of local government, which gives them maximum discretion to spend on local priorities. I know the minister is always very keen to hear of projects and things that are being supported under the financial assistance grants that might not otherwise have been possible. So from that point of view there's certainly a loop back from councils on the ground.

Senator CHISHOLM: I have some questions on local government regarding the Safer Communities Fund. Did the minister for local government consult with Minister Dutton regarding the importance of this funding in ensuring community safety?

Dr Bacon: I am not sure which portfolio administers the Safer Communities Fund, whether that's Home Affairs.

Mr Atkinson: It is Home Affairs.

Dr Bacon: We may need to check that with our Home Affairs colleagues.

Senator CHISHOLM: Sure. But the funding went to councils?

Dr Bacon: The Australian government works with local government as partners in delivering a wide range of programs and funding. For example, our Infrastructure colleagues can talk about a number of infrastructure programs where we work closely with local government as partners for delivery. I don't have a list to hand of all of the different programs across government where local governments have been used as a partner for delivery. If we're talking about particular programs in the Home Affairs portfolio, we would need to check that with our Home Affairs colleagues to be able to come back to you with information.

Senator CHISHOLM: What I'm asking for is whether the minister for local government was consulted regarding these funding decisions.

Mr Atkinson: We'd have to take that on notice. You're asking about discussions between ministers.

Senator Cash: It would need to go on notice.

Mr Atkinson: We'd have to ask the minister.

Senator CHISHOLM: Sure. Was the department consulted regarding these announcements?

Mr Atkinson: I would have to check. If it was through the normal cabinet and budget processes, we would be consulted as part of those. I'd just have to check the origins of the Safer Communities Fund.

Senator CHISHOLM: It was quite a while ago, if I recall.

Dr Bacon: I'm not familiar with it.

Senator CHISHOLM: In the seat of Higgins, Stonnington City Council had their funding reduced by 50 per cent—from \$1 million to \$500,000. Was the minister for local government consulted by Minister Dutton at all regarding this decision?

Mr Atkinson: I think all questions regarding that program should be addressed to the agency that administers it. We're not familiar with those changes.

Senator WATT: This is the only place that we can ask questions about the activities of the minister for local government and the role of your department alongside that minister.

Senator Cash: If the officials don't have the information, we can take it on notice and get back to you—whether that means they go to the Department of Home Affairs or to the minister himself. The officials have been upfront. They don't have that information here; they don't have that knowledge.

Senator PATRICK: Chair, I was just reading the guidelines for official witnesses appearing before parliamentary committees. They are very clear:

All witnesses should be thoroughly prepared for hearings. Preparation should include ensuring familiarity with probable lines of questioning by discussion with the committee secretariat or by examining Hansard ... and other sources, including the media.

I know I'm the dog in this fight, but Senator Chisholm has asked probably 20 questions to which he's got two answers.

Mr Atkinson: Senator, could I just add something to that? We have 148 programs in our portfolio that we worked really hard all weekend to get across. We're being asked questions about whether a minister spoke to another minister about a program in another portfolio.

Senator CHISHOLM: I also asked about the government department.

Mr Atkinson: I am sorry that we didn't predict this line of questioning, because we would have prepared for it and had answers. That is why we have taken so many on notice, which we don't like to do, because we end up with 700 QONs. I'm sorry we can't answer the question, but we will go and ask the minister. We will check our records for safer communities as to whether or not—

Senator CHISHOLM: It also goes to what advice the department—

Mr Atkinson: Yes. We will check our records on that.

Senator CHISHOLM: In Minister Coulton's own seat, the Dubbo Regional Council had their funding reduced by 40 per cent. What advocacy has the minister for local government provided for Dubbo Regional Council to ensure the safety of his own constituents? Are you aware of any—

Mr Atkinson: Senator, once again, you're asking me about the minister's personal activities with respect to another program. I am not aware of any.

Senator CHISHOLM: Minister Cash, are you aware?

Senator Cash: I'd have to take that on notice.

Senator CHISHOLM: I don't know if this is the right area, but I've also got some questions on the Local Roads and Community Infrastructure Program.

Dr Bacon: Our Infrastructure colleagues will be able to answer questions about that program.

CHAIR: We are doing that at 7 pm today. If we can move now to the Major Transport and Infrastructure Projects Division. Senator Patrick.

Senator PATRICK: I just hope I'm in the right division here. My questions relate to the program announced by the government in respect of cheap fares for visits to various different tourist locations.

Mr Atkinson: That's our aviation people who are on next.

Senator PATRICK: That's the Domestic Aviation and Reform Division?

CHAIR: Correct.

Senator PATRICK: That is my question for this division. Thank you.

CHAIR: Senator Sterle, do you have questions for this section?

Senator STERLE: Only on inland rail.

Senator Cash: That's correct; that comes under infrastructure projects.

Mr Atkinson: The Inland Rail agency is coming later.

Senator STERLE: Yes, ARTC are coming later. But I can ask some inland rail stuff here?

Mr Atkinson: Yes.

Senator STERLE: For the freight hubs?

Senator Cash: That's my understanding.

Senator STERLE: I have been working closely with the rail transport industry, and we know that the map is out there on the internet. We've got this project that started off at \$4 billion and is now \$12 billion, I think, Mr Atkinson, and still counting; is that correct?

Mr Hallinan: I think the most recent announcement is \$14½ billion.

Senator STERLE: Sorry; \$14.5 billion. That's right. You said you want to build on existing regional and rural connections that provide access to the ports of Melbourne, Kembla, Sydney, Newcastle, Brisbane, Adelaide and Perth via Parkes. On 16 December the Deputy Prime Minister announced a further equity injection of \$5.5 billion. He called it a 'jobs bonanza'. Can you advise the committee how this \$5.5 billion investment will translate into jobs in the next phase of the project?

Mr Atkinson: I will ask Mr Hallinan to start off on that one.

Mr Hallinan: I might be able to explain what's included in the additional \$5½ billion. Subject to—

Senator STERLE: The additional \$5.5 billion?

Mr Hallinan: Yes, which took it to \$14½ billion in equity. That now includes funding for an additional 4½ thousand culverts, nine additional viaducts, an additional 6.8 kilometres of bridges, a further 453 kilometres of fencing, and 10 extra grade-separated crossings, with 139 level crossings removed. I don't have with me a jobs estimate of what each one of those elements would be, but that will be where any additional jobs out of the investment come from.

Senator STERLE: If you don't have it with you, could you take it on notice to provide the committee with all of the information that we need? My shorthand's not that good; I couldn't keep up with what you're saying. Also, what area is it, and stuff like that? It's an ongoing issue that's not going away; we'll continue to ask questions.

Mr Hallinan: Yes.

Senator STERLE: What section of the project has been completed so far?

Ms Hall: The Parkes to Narromine section has been completed.

Senator STERLE: Are you able to provide the committee with a time line of the project's next steps?

Ms Hall: The next steps for the Parkes to Narromine, or for the entire inland rail—

Senator STERLE: Ms Hall, you just said Parkes to Narromine was finished.

Ms Hall: Yes.

Senator STERLE: What are the next steps of the project?

Ms Hall: The entire alignment has about 13 different stages. Each one of those stages is at varying levels of undertaking. I can give you a brief outline of where each of those is up to, if you like.

Senator STERLE: That would be great.

Ms Hall: Bear with me while I find my notes. For the Tottenham to Albury section, which is a brownfield section of 305 kilometres, the environmental approval works continue to be progressed, with early contractor involvement to be carried out for the proposed design solution. For the Albury to Illabo section, which is a brownfield of 185 kilometres, the ARTC continues progressing reference design refinement and environmental impact statement preparation. For the Illabo to Stockinbingal section, which is a greenfield, and which is 37 kilometres, ARTC continues progressing the reference design refinement and environmental approval stages.

For the Stockinbingal to Parkes section, which is a brownfield of 173 kilometres, ARTC continues progressing reference design refinement and detailed design for four discrete packages. As we said, the Parkes to Narromine was completed in September 2020.

For the Narromine to Narrabri section, which is a greenfield of 306 kilometres, the public exhibition of the draft EIS commenced on 8 December and closed on 7 February. As part of this corridor, civil works programs for this section and another few sections are underway.

In regard to Narrabri to North Star, which includes a brownfield of 186 kilometres and a greenfield of 1.7 kilometres, this has been divided into two components—construction contract and track upgrade. The first part

was awarded in early November 2020, with preparation for construction commencing on 27 November, and with significant construction to commence in April this year. For the second part, the draft EIS documentation for the remaining section, including the Gwydir River crossing, is being prepared.

For the North Star to the border section, which is a brownfield and greenfield of 39 kilometres, the public exhibition of the EIS concluded in October 2020. ARTC continues to prepare to the EIS submissions, which is expected in quarter 2 of this year. A property and land acquisition strategy was submitted to Transport for New South Wales in December 2020.

For the Border to Gowrie component, which is a greenfield of 145 kilometres and a brownfield of 71 kilometres, the public notification of the draft EIS commenced on 23 January and closes on 19 April 2021. For the Gowrie to Helidon section, which is a greenfield of 28 kilometres, the draft EIS is to be submitted to the Queensland Office of the Coordinator-General for adequacy review in the first quarter of this year.

For the Helidon to Calvert section, which is a greenfield of 47 kilometres, the draft EIS is to be submitted to the Office of the Coordinator-General in Queensland for an adequacy review, also in the first quarter. For the Calvert to Kagaru section, which is a greenfield of 53 kilometres, the public exhibition of the draft EIS commenced on 21 December and closed on 8 March 2021. ARTC is looking at those submissions, in accordance with the Office of the Coordinator-General advisers.

For the Kagaru to Acacia Ridge and Bromelton section, which is a brownfield of 49 kilometres, the draft primary approval documentation was prepared in December 2020, but the review is being placed on hold until the project approval pathway is determined by the Queensland government. That's about it being determined as a coordinated project.

Senator STERLE: Thanks, Ms Hall. What I take out of that is that there are probably only three sections where there's a little bit of fluoro vest and a shovel going on. The rest is across-the-desk stuff. Am I right there?

Ms Hall: There are a lot of EISs going on at the moment to determine final alignment and final design. This might be a question for ARTC. As part of trying to increase and fast-track any of their approval processes, they're trying to make as much go in parallel as possible; so there will be some early works going on at the same time.

Senator STERLE: I'm no stranger to ARTC and what's going on up there. Let's talk a bit more about the rail freight hubs, which I've taken a real interest in lately. Can you tell me exactly how many freight hubs are planned?

Ms Hall: We'll have to take that on notice.

Senator STERLE: It's on your website, the last time I looked. I think it's 16 or 14. I want to find out what the actual number is. You've got the spine there—a nice coloured map showing the line. There are dots, but I just can't remember how many there are.

Ms Hall: Are you talking about the—

Senator STERLE: The rail hubs.

Ms Hall: The rail hubs that are being picked up through the IIP?

Senator STERLE: What's the IIP?

Ms Hall: It's the Interface Improvement Program that's got—

Senator STERLE: No. This project, \$14.4 billion and counting, proudly says that it's predicated on a number of things, and one is private investment in these freight hubs. We know that there are already freight hubs at Parkes. I want to know how many hubs are planned for this project. What I'm leading to—there's no secret here; I've been doing a lot of work around this—is that you're hoping and putting out there, as the government, that there's going to be massive investment from the private sector, whereas the rail industry is saying very clearly that it's on a collision course and it's chaotic, and it's probably not going to happen. I've used my words, but that's the line.

Mr Bourne: I think you're referring to 13 hubs; is that right?

Senator STERLE: I didn't know if it was 14 or 16; I can't remember.

Mr Bourne: I think I know what you're talking about. It relates to the Interface Improvement Program and the business cases that we are currently working through with a number of local councils, state governments and the private sector. This program is designed to look at ideas in the region and work through to see if there are any benefits that can be obtained from those ideas to look at putting more freight onto the inland rail spine. They're currently going through business case investigations. They're at different stages along that process. I think that's what you're talking about.

Senator STERLE: Yes, I am. Where are they?

Mr Bourne: In terms of where those programs are located, I can. I'll start from the north. There are three in Queensland—in the Lockyer Valley, near Toowoomba, and in the Toowoomba region.

Senator STERLE: Can we be a bit more specific? It depends on what part of the line we're on. Some people want to bring out the pitchforks and torches, and some are welcoming it with open arms. Let's find out exactly where you've planned for them, please.

Mr Bourne: Sure. The first one I have here is on the New South Wales-Queensland border. Would you like me to go through what the proposal is? Would that be helpful?

Senator STERLE: Yes, please. We've got to get it out there.

Mr Bourne: This is actually on our website, too. The Border Regional Organisation of Councils put forward a proposal. Their proposal is to review options to improve access to inland rail in the Goondiwindi region, including northern New South Wales, and including a review of the Bruxner Way, the Boggabilla siding, the existing narrow-gauge rail west of the proposed alignment, and potential choke points on the major roads. The proposal has the potential to improve connectivity for inland rail, increasing supply chain efficiency and improved road safety. We've got one in the Gunnedah Shire Council. This proposal—

Senator STERLE: I'm sorry to interrupt. It's a pretty big council, I assume. Senator Chisholm can help me with Queensland, because I don't know. Exactly where are we talking about? Are there towns? Are there sidings? Is it greenfield? Is it brownfield? Is it near a woolshed?

Mr Bourne: I will need to take it on notice to give you that sort of detail, because they do go across both brownfield areas and greenfield areas.

Senator STERLE: In all fairness to the people out there—and there are a lot of people listening in on this issue; there are a lot more people getting engaged in this issue now, as more information comes out—when I say 'more information', more questions come forward, with the greatest respect to you, but questions asked of the ARTC aren't coming back, and that's the frustration that people along the track have shared with us. We need to know exactly where they're planned, if you could do that for us. Have you taken it on notice because you don't have it there? Is it back at the office?

Mr Bourne: In terms of the level of detail that I have here, it probably won't answer your question.

Senator STERLE: Okay. If you've got a \$14.4 billion project, and counting, and you have something on your website that shows dots along the line, are the dots so big that it takes in the whole shire? Is that what it is—you don't know where that actual area will be? Some farmers might be thinking that the train is going to pull up at the front of their place to grab some grain, produce or whatever.

Ms Hall: In regard to the Interface Improvement Program, these are opportunities for councils to come forward and develop plans for where they would like a hub to facilitate off the inland rail. It's a \$44 million program that is separate to the \$14.5 billion for inland rail. It's about them coming forward to us and saying, 'We think we can actually leverage off inland rail to develop X, Y and Z.' There's still a lot of information that we're collecting from the councils and the local businesses. When they say, 'We're thinking about doing a hub,' we need to get that information from them as part of their business case.

Senator STERLE: There are no definitive new hubs along this line?

Ms Hall: There are two hubs that we know that we have funded. We've got the Ettamogah Rail Hub, which is a completed project that was operational from 8pm on 15 March, and the project delivers five kilometres of new arrival and departure sidings at the Ettamogah Rail Hub. Trains calling at the Ettamogah Rail Hub can pull off the single-track main line. Currently, trains stop on the main line to exchange wagons at the hub. This has grown since 2009. That was completed.

We also have the department working with Transport NSW, the Department of Regional NSW and the Narrabri Shire Council on an approach to progress a northern New South Wales inland port at Narrabri. The New South Wales government is currently investigating with Narrabri that it become a special activation precinct. This project involves construction of a 1,800-metre rail siding slip road infrastructure to facilitate rail loading and storage capability of the New South Wales and a land port logistics and freight hub. The Australian government funding complements the existing New South Wales government commitment of \$16.8 million. The Australian government contribution is \$7.75 million.

Senator STERLE: When you say 'hub', is it bulk handling? Is it container parts? Is it both? Is it broken freight?

Ms Hall: I'll come back to you on that but I think predominantly it's to help facilitate the smoother transition of the types of product and freight that they're actually servicing on the particular lines. I'll come back to you.

Senator STERLE: Sure, if you could, please, because this is the confusion: are they grain, are they bulk, are they containers? It just gets even harder. Am I right to assume—it's always dangerous to assume here in estimates—that there is no criteria, that it's just the shire can come to you or the public sector can come to you and say, 'We want to do a hub,' and then go off and go get some approval?

Ms Hall: No. There are some criteria under the IIP but I'll ask Mr Bourne to give you some detail of that.

Mr Bourne: This program has a set of criteria that when a council or state government or a local business wants to put forward an idea, they need to put forward and provide the information necessary for it to be evaluated against the principles and the criteria which are on our website. Then that is assessed by our independent adviser who helps us form a view on whether they are eligible to progress in this program. There are currently 20 proposals that we are assessing right now.

Senator STERLE: Twenty?

Mr Bourne: Correct.

Senator STERLE: That's on top of the 16 or the 13?

Mr Bourne: That includes the 13.

Senator STERLE: I am just trying to work it out. We went from 13 to 20.

Mr Bourne: There are 20 proposals in total that are currently being progressed as part of round one of the Interface Improvement Program.

Senator STERLE: The hubs?

Mr Bourne: There are 13 that are hubs essentially, and there are three others that relate to country line improvements.

CHAIR: I am sorry, can I just clarify that. Of the 20 projects, 13 are around freight hubs or intermodals?

Mr Bourne: Yes, things where they are looking to enhance the supply chain onto Inland Rail.

CHAIR: The other seven are examining other sorts of connectivity?

Mr Bourne: Yes, looking at upgrading local lines, taking heavier axle loads to enable far heavier, longer, faster trains to go along the alignment.

Mr Hallinan: It might help if we just clarify as well how we describe them publicly. We have the Productivity Enhancement Program which is really about your hubs, your freight efficiency, and the Country Lines Improvement Program. They're considered seven and 13, in reverse order.

Senator STERLE: Chair, I will try not to make this where you're going to bounce me about a hypothetical but I've got to ask the question: if there is not the private sector saying, 'We want to be part of it'—and there are a whole host of other things around this project which, in my words, is going to end up looking like the longest line of rust if we don't do it properly; it's going to end up that way—and business is saying that too, what if there are no hubs? Can I ask that question, Chair, because I think it's important? What if we don't get that private sector investment? I've got to tell you now, gentlemen, the rail industry is telling me that.

CHAIR: This is the private sector investment, isn't it? My understanding was that this was the opportunity for private sector to access the inland rail through these projects.

Mr Hallinan: It might be best to describe this as an intelligence program where we're building business cases with proponents around what might be good, viable options for improving the inland rail program.

Senator STERLE: I am not going to cut you off because I am being rude; I'm cutting you off because of timing. I understand everyone in this room is supportive of joining—it's not even joining the Port of Melbourne to the Port of Brisbane, let's be honest—and are all supportive of an inland rail as long as it's done properly. That's all we're trying to get to. So I have no dramas with what you're saying. What I am trying to say is, if there is no private investment, these hubs aren't coming up. The rail industry is saying, 'Why would we put money in there when we're bleeding, we're haemorrhaging freight to exploited foreign-flag vessels and flags of convenience?' You all know about it because your ministers all know about it. I'm just relaying the message so that everyone can hear it. What happens then? Will this project still be going ahead one hundred miles an hour without the hubs and the private investment?

Mr Hallinan: At this stage I think that's probably hypothetical. But the purpose of the business cases—

Senator STERLE: I tell you what, when the billions of dollars don't come from the private sector, with the greatest respect, it ain't hypothetical; you only have to listen to them.

Mr Hallinan: The purpose of the business cases is really to draw out what the best opportunities are. We think there are opportunities all the way along the inland rail route. And this gives us the best evidence base to move forward.

Senator STERLE: That's great. But what I asked you is: this thing is predicated on 24-hour turnaround so that the trucking industry puts their containers on the rail rather than on road. And the trucking industry is having their say now. It's not all pleasant because the Queenslanders weren't even consulted. Coming back to what I did ask, is this still going to go ahead without the private investment for the hubs? It's pretty simple.

Mr Hallinan: I think the government's made a firm commitment to the inland rail program. That's out there. It's being built. We've got the 13 sections under way at various stages. And there's no question of it not continuing. It's a firm government commitment.

Senator STERLE: Chair, thank you for the time. I do have a lot of other questions that will go to the ARTC.

CHAIR: Senator Antic on this.

Senator ANTIC: Can I just clarify a couple of things? What we're talking about here is business-case, feasibility-style studies to see whether these proposals are actually workable. That's basically what we're talking about, isn't it?

Mr Bourne: That's correct.

Senator ANTIC: Are these unrelated to the inland rail project itself or are they—

Mr Bourne: When you say 'unrelated', these are going separately to the funding that's being provided by the government; that's correct.

Mr Hallinan: So the business case for the inland rail project itself is separate to these and is stand alone? These are additional business cases that could improve, particularly for local communities, what opportunities there are presented by inland rail?

Senator ANTIC: Is the purpose of these projects to allow communities to get the best out of the project, I suppose, rather than over and above the actual scope of the inland rail projects?

Mr Bourne: The key to these proposals will be to actually go through and test to see whether they are ultimately viable and can actually provide benefits to local regions with inland rail going through them. So we're providing the capability to these areas, through giving them expert business advisory support, to assist them in building business cases to further investigate the ideas that they've thought of in their regions.

Ms Hall: In regard to your question, you said 'above and beyond'?

Senator ANTIC: Above and beyond; so it's value added?

CHAIR: Have any hubs been built yet? We drove past one the other day—it wasn't with you, Senator Sterle—at Bromelton.

Ms Hall: Yes. We answered that question previously.

Mr Bourne: And there is other work going on in Toowoomba too. InterLinkSQ for example.

Senator STERLE: Yes, that's already there. It's not a new one.

CHAIR: Are there any new ones then?

Mr Bourne: There is work going on in Toowoomba in relation to Interlink SQ. They're looking at building a hub effectively there, as well as at Wagners airport.

Senator STERLE: It's looking into it. Can I just clarify 'we're looking into it'. Is there any paperwork signed?

Mr Bourne: They are actually starting to develop those sites.

Senator STERLE: You think?

Mr Bourne: No, they are.

Senator STERLE: They're in? They're locked in? This is in Toowoomba regardless, and they're off and racing; is that what you're saying?

Mr Bourne: Yes, they have commenced construction works in Toowoomba.

Senator STERLE: But before we go down the track we've still got to try and work out how we're going to get down to Acacia Ridge and what happens there.

CHAIR: What about Parkes? Have you done a project at Parkes?

Senator STERLE: It's already there.

Mr Bourne: I understand that there is a hub already there at Parkes, as well as in the Riverina.

Senator STERLE: And clearly—this should not be a secret, if I may—the proprietors at Clark Specialised Container Transport have made it very, very clear that that hub is under serious threat if the foreign shipping thing continues to leach freight movements to the tonnages that it has over the last five years while these voyager permits are being exploited. And they're not hiding the fact. They have said it very clearly in writing to us—they're specialised container transport—that their Parkes depot is under threat.

CHAIR: Senator Chisholm, did you have some follow-up questions?

Senator CHISHOLM: Yes. In regard to the extra \$5.5 billion that was allocated, I presume there would be an allocation—I know you gave that breakdown across the whole 5.5 billion—for each section of the inland rail as well?

Ms Hall: There is a budget allocation, I believe, for each section. The exact amount of money for each section hasn't been made publicly available, because obviously they are going out to market so there are still quite commercial-in-confidence issues there.

Senator CHISHOLM: So there would be an additional cost, for instance, in the Border to Gowrie section of the inland rail?

Ms Hall: Looking through when the cost reset was done and a number of those additional culverts and bridges were required in the Border to Gowrie section, then I would estimate that there was an increased cost there.

Senator CHISHOLM: Can you provide a breakdown of what that cost is?

Ms Hall: I'd have to take that on notice because I'm not sure what's publicly available and what's still commercial-in-confidence, given where things are at with the market and where they're at with going out to market.

Senator CHISHOLM: On 2 November last year the department published the findings of a report it commissioned from GTA Consultants into alternative routes from the Border to Gowrie section of the inland rail. Are you aware of that?

Ms Hall: Yes.

Senator CHISHOLM: The report stated that the construction costs of alternative routes were higher than ARTC's preferred route over the Condamine River floodplain near Millmerran. As this report predated the additional \$5.5 billion injection, how much does ARTC's preferred route near Millmerran cost, and will the GTA Consultants' report be updated?

Mr Bourne: I can answer that. The costs that were considered as part of that review did include the reset costs that were announced at budget time.

Senator CHISHOLM: Say that I again, sorry.

Mr Bourne: The costs that were considered as part of that review included the costs that were announced at budget through MYEFO.

Senator CHISHOLM: So the extra \$5.5 billion?

Mr Bourne: Yes, the costs relating to the Border to Gowrie section included the additional costs.

Senator CHISHOLM: When it was done preparing the alternative routes, it was done based on—

Mr Bourne: Yes, the revised costs.

Senator CHISHOLM: That 5.5 billion had already been allocated?

Mr Bourne: That's correct.

CHAIR: Senator Patrick.

Senator PATRICK: My questions have some relation, just so you understand context, to the troubles that may occur in relation to GFG in Whyalla which produces steel products. Firstly, just to understand, in terms of your progress on the project, how are you tracking in terms of your expected expenditure or the rate of spend? Are you underspending? Are you overspending?

Ms Hall: In regard to the cost expenditure for the inland rail, I think Inland Rail has spent or drawn down about \$1.1 billion in regard to its full budget allocation. But in regard to where it is, whether it's overspending or underspending, those questions would better be directed to ARTC.

Senator PATRICK: Has anyone from the Prime Minister's office or anywhere else in government, industry, at least had a discussion about contingencies in respect of GFG in Whyalla? When I say 'contingencies', I mean there is a possibility, if one considers the worst case scenario, that GFG may not survive the Greensill collapse. I am just wondering whether any discussions have been had about supply of rail and, indeed, what options might exist in circumstances where the government needed to support in some way the steelworks by forward ordering rail product or, for example, expediting the Tarcoola to Kalgoorlie upgrades. Has any discussion taken place in relation to that?

Ms Hall: In regard to the steel that is being used by ARTC coming from Whyalla, I understand they have done quite a bit of work to understand any impacts that any failure by Greensill will have on their business. So I think they will be prepared to answer questions this afternoon.

Senator PATRICK: From a policy perspective, you are at least aware of the conversation? People are talking about that from a contingency perspective, at least?

Ms Hall: Yes, ARTC is aware of those issues.

Senator PATRICK: From a policy perspective—so imposing policy upon ARTC—has the government given any direction on the use of Australian steel from Whyalla?

Ms Hall: The secretary might be best placed to answer that question.

Mr Atkinson: There are obviously discussions about this and what is happening with Whyalla. The department of industry has the lead in what is happening there. We are across the implications for Whyalla and for ARTC with respect to steel going forward. We understand what the forward commitment from ARTC looks like in the cash flow sense as well. So we're part of that conversation.

Senator PATRICK: So you are at least talking internally about what could happen with a stop in supply? One of the possibilities is that GFG continues to operate the way it is; and that would be a good outcome. Another possibility is that it goes into administration, in which case we may have to do something to make it more attractive for a buyer or something like that. That can be done, as occurred in the last period of administration, where you expedited some particular rail expenditure.

Mr Atkinson: Yes.

Senator PATRICK: That has been talked about?

Mr Atkinson: We are in ongoing discussions with our industry department colleagues, who have the lead on it. The government has not made any announcement about anything like that at this point, but we are having the conversations; you are correct.

Senator PATRICK: Has that discussion considered the expediting of the upgrade of Tarcoola to Kalgoorlie? Currently we are upgrading the rail to Tarcoola.

Mr Atkinson: I will have to take that on notice because any of those discussions are discussions with the government through their budget processes.

Senator PATRICK: So you're saying it is a budget process, that Greensill was—

Mr Atkinson: No. The government's consideration of whether they would do anything would usually be through those processes because they help.

Senator PATRICK: I would have thought that a significant asset like Whyalla would be recognised as a national asset in these circumstances, not a normal circumstance for normal budget considerations.

Mr Atkinson: I was just talking about through the cabinet processes because these are significant issues.

Senator PATRICK: Sure. So you have been asked to make a cabinet submission on this, have you?

Mr Atkinson: I will take that on notice, but I cannot talk about what does and does not go to cabinet.

Senator PATRICK: I understand that. But you also cannot fail to answer a question just because it is advice to government. I accept there are areas where you can. I am just trying to understand what you are effectively advancing at this point.

Mr Atkinson: What I am advancing is that I can talk about the fact that the department of industry has the lead for what is happening with respect to Whyalla and those conversations with government. As you would expect, we are working across government to make sure that all issues are properly understood.

Senator PATRICK: The government provided funding through MYEFO a year and a half ago, November 2019, to put in place a port at Cape Hardy. One of the things your department does is the National Faster Rail

Agency. Is any business case being looked at to extend rail from Whyalla down to Cape Hardy, noting that it is a deep-water port?

Mr Atkinson: We don't have a business case for that. I do understand the proposal, but I am not aware of—

Senator PATRICK: So no business case, but at least is it being talked about? What is the trigger to initiate a business case? Does it have to come from the state government, from local proponents, from a senator writing to you? What normally triggers a business case?

Mr Atkinson: Usually a business case would be triggered through discussions with state governments or other proponents and then considered either through the budget process or separately if something needed to be known urgently.

Senator PATRICK: Has the state government talked to the federal government about a Whyalla to Cape Hardy rail line?

Ms Hall: We would have to take that on notice. Nobody has spoken to me about it, but I would have to check other areas of the department, such as our infrastructure area. We can come back.

Mr Atkinson: We talked to them about lots of projects. Probably someone would have.

Senator PATRICK: If you could provide on notice some information about what might have transacted in that space I would be grateful. Thank you.

Senator STERLE: I have been contacted by the good folk along the Narromine to Narrabri, very decent people who have been in contact in the last number of years over their concerns; we do not need to know their names. They sent me a letter a couple of weeks ago, which said, in part:

Listening to the Country Hour yesterday, Dana Colese from CWA was on. Apparently on Friday Minister Rob Stokes made inland rail a critical state-significant infrastructure.

Does that mean that third parties, including government bodies, cannot object to this infrastructure without the minister's approval? Does it mean that the farmers will have no input into this project even though it is coming through their farms?

Mr Hallinan: I don't think it means that. I am not aware explicitly of what the New South Wales minister said. I do know that Narrabri is either being considered as, or has been agreed by the New South Wales government to be, a special activation precinct, which allows the New South Wales government to put in place various arrangements to make sure that all departments in New South Wales are working very closely on how to engage in the Narrabri region and the major infrastructure projects going through there. As far as I am aware, the usual EIS consultation processes and submissions from local communities will continue across that part of the project. I will take it on notice for you.

Senator STERLE: Yes. Let's put these poor people's minds at ease; that's all I am asking. That is why you don't need to know their names. If you can get back to me with the appropriate information I would respect that. Thank you.

Mr Hallinan: If we can do that today, we will.

Senator STERLE: That would be greatly appreciated.

Ms Hall: Just confirming the comments by Mr Hallinan, it won't have an impact on anybody's ability to work through and provide comments and consultation through their EIS process.

Senator STERLE: So you don't have to take it on notice—we've got that. Thank you.

CHAIR: Terrific. That is the end of questioning of the Major Transport and Infrastructure Projects Division. Please go with our thanks. Thank you, Minister Cash.

Senator Cash: I will swap over with Senator Duniam.

[12:26]

CHAIR: Welcome back to Senator Duniam. We move now to the Domestic Aviation and Reform Division.

Senator WATT: I want to spend a bit of time going through this department's involvement in the government's tourism and aviation recovery package. What role has your department had in that package?

Ms Dacey: We have been working with colleagues across government on a range of aspects that subsequently formed the announcement of 11 March. Obviously, our primary focus was on the aviation elements. In the announcement a number of existing programs were extended, and there were a couple of new initiatives. One of the new initiatives had a particular tourism focus, the Tourism Aviation Network Support Measure.

Senator WATT: My understanding is that the overall package has been costed at about \$1.2 billion.

Ms Dacey: That's correct.

Senator WATT: Are you able to provide a breakdown of that \$1.2 billion by program for us?

Ms Dacey: Yes, with the caveat that there are two aviation elements that are not for publication because we are in the middle of commercial negotiations. That has been consistent all the way through. Whenever we have announced extensions to the DANS or the RANS program, we have made them not for publication until we settle the contracts. Then we publish the maximum contract values either on AusTender for the procurements or for the maximum grant value on GrantConnect. So they will follow shortly thereafter. We are right in the middle of the contract negotiations. As to the \$1.2 billion, do you want my best advice for you?

Senator WATT: Yes. We don't yet have public figures for the DANS and RANS extensions.

Ms Dacey: And you won't, because we are in the middle of those negotiations.

Senator WATT: Does the \$1.2 billion include any provision for those two programs?

Ms Dacey: It does. So the numbers I will read out to you now won't sum to \$1.2 billion because of those two unknown funding envelopes.

Senator WATT: I see. Can you take us through it? Is it a long list of the programs?

Ms Dacey: No. So the DANS is not for publication. RANS is costed at zero on this one because we think we can manage within the existing funding envelope. The Air Services fee waiver extension to the end of September is costed at \$85 million. The new domestic security extension is costed at \$90 million. The Aviation Services Accreditation Support Program extension is costed at \$52 million. There is an IFAM extension; you would need to talk to our Austrade colleagues, who administer that program for us.

Senator WATT: What has been allocated for that?

Ms Dacey: The sum of \$107 million. Then there is the \$200 million international Aviation Support Mechanism and then TANS, which is not for publication at this point, as we are in the middle of the contract negotiations.

Senator WATT: As you were going through, I should have asked you the length of time that money has been allocated for each of those subprograms.

Ms Dacey: By and large everything is through to the end of October.

Senator WATT: So those figures are expected to be spent by the end of October?

Ms Dacey: Some of them may be exhausted a little earlier. It depends on the nature of each of the programs. Some of them are demand driven, like the fee waiver. The intention is that this is a further bridge for the next six months while we try to stabilise the domestic aviation sector.

Senator WATT: Are any of them expected to go beyond October?

Ms Dacey: Those are the dates that we have at the moment. Can I just be very clear: I think one or two of them might finish at the end of September; it's that time of year.

Senator WATT: Which ones are they?

Ms Dacey: I think the IFAM extension is through to the end of September.

Senator WATT: Every one of those programs, except for IFAM, is being funded out of this department?

Ms Dacey: No. Sorry; my mistake. The travel agents one is to mid-June. There's a travel agents measure in there at \$133 million, and that is definitely not being funded out of our department.

Senator WATT: Who's funding that one?

Ms Dacey: I assume it's Austrade.

Senator WATT: I haven't done the maths, but if we add together \$133 million, \$200 million, \$107 million, \$52 million, \$90 million and \$85 million, the balance between that and \$1.2 billion is the amount expected for either DANS or TANS?

Ms Dacey: Correct.

Senator WATT: There's obviously been a lot of interest in the half-price flights. Which subprogram are they being funded out of?

Ms Dacey: TANS.

Senator WATT: That's still being negotiated with the airlines?

Ms Dacey: Yes.

Senator WATT: So we don't actually know yet how much will be allocated for that?

Ms Dacey: No. We have a funding envelope that we are operating within, but I can't give you that information at the moment.

Senator WATT: There's been quite a lot of confusion about whether that program is capped at 800,000 flights, which is what was said originally, or whether it is actually demand driven; and a number of government figures have been saying it's demand driven. Can you clear this up for us?

Ms Dacey: Somewhat unhelpfully, the answer is a bit of both. There's obviously a funding envelope that we're operating within. We are hoping to extract a little more than 800,000 seats, if we can. It depends on how we go with these contract negotiations. The demand-driven element speaks to the flexibility that we're seeking to build into the program. The whole point of the project is to stimulate activity and interest in travelling domestically. We are working with the airlines so that, where we see potential on-tap demand, we can shift and flex inside the program. So it's a bit of both, which I realise is probably not all that helpful.

Senator WATT: I will go into this in a bit more detail. Obviously, some extra locations have been added and there is some speculation that further locations might be added. There is no suggestion that there are going to be an extra 100,000 flights provided for. We're working within this cap that might end up being a little bit higher?

Ms Dacey: The way I describe the 800,000 is a floor.

Senator WATT: Is a floor?

Ms Dacey: Is a floor, so there will be a minimum of 800,000 half-price tickets. Depending on how we go in our contract negotiations, we may get a little more.

Senator WATT: But we're not looking at a significant expansion of that to cater for any additional locations which may yet be added?

Ms Dacey: I can't foresee hundreds of thousands more, but, again, we are still mid-negotiation.

Senator WATT: Was your department involved in the decision as to the locations for these half-price flights?

Ms Dacey: I guess, in a holistic way, we were certainly in regular contact and conversation with our Austrade colleagues. In terms of holding the data on those locations that were most impacted by the international downturn, that was a matter for Austrade.

Senator WATT: When you say 'Austrade', does that include Tourism Australia? I think of them as separate bodies.

Ms Dacey: I don't know.

Senator WATT: I thought they were involved in this as well.

Ms Dacey: Our dealings were with Austrade officials, I have to say. I think Tourism Australia is more to the marketing end.

Senator WATT: The decision as to which locations were chosen was an Austrade decision?

Ms Dacey: It was a government decision informed by advice and input from Austrade.

Senator WATT: Was your department involved in that advice?

Ms Dacey: As I described, very holistically.

Senator WATT: What do you understand was the basis for choosing particular locations?

Ms Dacey: As I just described to you, I think the data and the decisions were driven by those regions that were considered to be particularly impacted by the lack of inbound international tourists, which was directly attributable to the public health measures around COVID.

Senator WATT: So the decision as to which locations were chosen was based on data which showed locations that were particularly impacted by the decline in international tourism?

Ms Dacey: That's my layman's explanation.

Mr Atkinson: I think it's best if you talk to Austrade.

Senator WATT: We will, but I am conscious that your department was involved in this as well.

Mr Atkinson: Ms Dacey has given a general take of it; there's more detail.

Ms Dacey: That's right.

Senator WATT: One of the things that have concerned those of us from Queensland is that there's no provision for Queenslanders to obtain half-price flights to fly anywhere in Queensland, even though they may wish to go to Cairns or now Townsville. What's the reason for that?

Ms Dacey: We have been providing support for intrastate flights through the RANS and DANS programs for over a year now. Regarding the data that we're getting out of those programs in relation to intrastate flights, I understand that Brisbane to Cairns was the most heavily trafficked flight sector in Australia for many months last year. This program's intention is to stimulate activity and demand, and the assessment was made that there was no stimulation needed for that particular intrastate flight. More broadly, I think we just took the view that this program was designed to achieve a number of objectives, and one of them was to get the confidence of the travelling public restored in terms of being able to cross state borders.

Senator WATT: We talked briefly before about another program, which I realise your department is not responsible for, the Recovery for Regional Tourism Fund. That's also an Austrade fund?

Senator Duniam: Yes.

Senator WATT: Is the methodology being used for those two programs, the half-priced flights and the Recovery for Regional Tourism Fund, the same or is it different?

Mr Atkinson: You'd have to ask them. They're both separate.

Senator WATT: It sounds like this one is more focused on destinations that rely on international tourism, which may not be the case with the regional recovery fund.

Ms Dacey: In the broad.

Senator WATT: There's obviously been quite a degree of confusion about which locations were included and which ones weren't. I'm not sure if you've seen a report—I've got copies—in the Hobart *Mercury* on 12 March which said that Hobart was originally part of the federal government's list of destinations chosen for this half-price tickets deal but was dropped prior to the announcement. My understanding is that was also the case for three other destinations, being Darwin, Adelaide and Townsville. Were those four locations in the original list that your department signed off on or was involved in?

Ms Dacey: I can't speak to that. To the best of my knowledge, I think there have been two additions since the initial announcement, but I cannot talk to what was in or out. I am not privy to those discussions.

Senator WATT: Was anyone from this department involved in that?

Ms Dacey: No.

Senator WATT: Did your department ever sign off, in colloquial terms, on a list of approved destinations?

Ms Dacey: Regions? No.

Senator WATT: There was a list, including Broome—

Ms Dacey: Yes.

Senator WATT: the Great Ocean Road, which I presume means Avalon—

Ms Dacey: Correct.

Senator WATT: and Kangaroo Island. I think there was a list of about nine or 10. Was your department involved in the decision, or what involvement did you have in settling that?

Mr Atkinson: This was Austrade.

Ms Dacey: These were all matters that were part of the whole decision-making. As I described to you before, we certainly had awareness, because we were preparing ourselves to start the conversations with the airlines, but we weren't signing off on them.

Senator WATT: Can you enlighten us as to why four destinations were on the original list? I've got a copy of that here; it was tweeted by someone in the Tasmanian tourism industry, Shannon Wells. You might know that person, Senator Duniam.

Senator Duniam: I certainly do.

Senator WATT: It included Adelaide, Darwin, Hobart and Townsville. But when the government announced which locations were going to be able to make use of these half-price fares those locations were not included.

Ms Dacey: I can't—

Senator WATT: You don't know anything about that?

Ms Dacey: No; I can't comment.

Senator WATT: How about you, Minister? You are a proud Tasmanian.

Senator Duniam: Thank you for acknowledging that. As I think many have said, the original list announced on the Thursday—was it?—was always said to be an initial list. Many have advocated for inclusions of other destinations and they've since been included.

Senator WATT: I'm going before that, though. The original list, which was the one that Shannon Wells tweeted, included Hobart, Adelaide, Darwin and Townsville. Why were they left off when the government made its announcement?

Mr Atkinson: I'm not familiar with that list.

Senator Duniam: I've not seen the article.

Senator WATT: I've got copies. I can table it.

Mr Atkinson: The destinations are really a matter for Austrade.

Senator WATT: I am very happy to ask them later in the week as well, but given your department is involved, we're eager to find out what we can from you as well. There's been a lot of criticism from state governments and from mayors in Hobart, Dubbo, Wagga Wagga, Mildura and Albury—there are probably others—that they've been left off. Are there any discussions underway that you're aware of to consider expanding the list of locations, Ms Dacey?

Ms Dacey: I can only go to the statements of various ministers in the media that it's an initial list. I'm certainly not privy to them.

Senator WATT: But you haven't been asked to provide advice or work with Austrade on additional locations?

Ms Dacey: No. We're busy getting these locations up and running.

Senator WATT: I know there's been a range of comments by ministers that it's an initial list, but at this point in time it's not likely that there will be other locations added, or there's no work happening on that at least?

Ms Dacey: I can't speak to what work's going on in other departments. I can only speak to the work my people are doing.

Senator WATT: But you'd have to fund it; so you'd like to know about it, wouldn't you?

Mr Atkinson: If the government asked us to do additional destinations, we would.

Senator WATT: And they would have to be funded from within the existing envelope, which is around 800,000 flights?

Mr Atkinson: Unless they chose at the same time to put more money in.

Ms Dacey: That's right.

Senator WATT: I am not sure whether you have seen a report in today's *Sydney Morning Herald*—again, I have copies and it can be tabled—that describes National MPs as being on a collision course with federal ministers over a proposal to extend a version of JobKeeper to the aviation sector. Are you aware of any reconsideration of this program in light of this blow-up by National MPs?

Mr Atkinson: Are you asking us to comment on the media?

CHAIR: The question is to the department. I expect that they won't be able to provide you with an answer on an opinion. If you can come up with a question, you can ask them.

Senator WATT: Just taking a step back, the half-price tickets—that part of the package—which stakeholders sought support in that form?

Ms Dacey: I think there's a broader set of issues at play here because, for many months, many sectors have asked government for ongoing support. Certainly, the aviation sector has been no different in that regard. The government was minded to consider ways to further stimulate consumer confidence in travel more generally. So, through policy development work in the usual fashion, we came up with a range of options for government's consideration.

Senator WATT: Presumably, the airlines asked government to think about funding half-price tickets, but did any other stakeholders, beyond the airlines, ask for support in that form?

Mr Atkinson: Can I just go back to the economic principles of this? It's a stimulus for activity. If we have activity of more people flying and more people travelling, people land at a destination, they take transport at a destination and, presumably, they have dinner and meals. They have to book somewhere—

Senator WATT: I understand the theory.

Mr Atkinson: It's a mechanism—

Senator WATT: My question is simply: which stakeholders sought this kind of support as opposed to other types of support? We know the airlines sought it because it's pretty good for them. Did other stakeholders seek this kind of support?

Mr Atkinson: A lot of the subsidy will flow through.

Ms Dacey: The half-price element flows through to the individual travelling. The airline does not pocket anything from that. Let's just say they were going to charge \$100 for a ticket and they are now going to charge \$50 for a ticket. You, for example, buy a \$50 ticket and the Commonwealth makes up that other \$50. The airline is actually no better off. Where it's better off is that it is generating flying.

Senator WATT: Sure. And they're getting airfares bought that they might otherwise not.

Ms Dacey: Correct.

Mr Atkinson: That's the travelling public influence—

Ms Dacey: That's right.

Mr Atkinson: and that flows through to everyone in equal proportion.

Senator WATT: Can I just confirm: were there any stakeholders, aside from the airlines, who asked for support to be provided in the form of half-price or discounted fares?

Mr Atkinson: I'd have to check.

Ms Dacey: Not to the best of my knowledge, but I will take it on notice.

Mr Atkinson: I am just not sure about the airports.

Ms Dacey: I don't know.

Senator WATT: The airports?

Mr Atkinson: I am not sure.

Ms Dacey: I don't know.

Mr Atkinson: The one thing I can tell you is that everybody wanted additional activity. They wanted additional people travelling and they wanted additional funding injected in as a stimulus.

CHAIR: I sat through several days of COVID-impacted aviation and heard the unions ask for additional activity several times. I think that lots of people were keen to see people—

Senator WATT: I am not sure if they asked for discounted airfares.

CHAIR: Not specifically that, but they were looking for more activity. That can only be a good thing.

Mr Atkinson: Senator Watt, did you have an answer on Leppington?

Senator WATT: We do not require the Leppington Triangle people to stick around. I did get the extra information that we are looking for in terms of the dates and dollars for land parcels.

Mr Atkinson: For the land parcels.

Senator WATT: Perhaps you and I can talk about that offline and I can confirm what we're after.

Mr Atkinson: That's fine.

CHAIR: Thank you all.

Proceedings suspended from 12:48 to 13:52

ACTING CHAIR: Mr Atkinson is going to put something on the record.

Mr Atkinson: The department actually assisted with the drafting and the standard fact-checking of the announcement before it went out. I think it was said that they were informed about it when the announcement was already made, but it was part of fact-checking beforehand. I think Ms Dacey has one as well.

Ms Dacey: For the committee, I went away and double-checked 1.2 that I went through, table 4. I said most of them ended in October, but most of them actually ended at the end of September. I wanted to clarify that for the record.

Senator WATT: Is there one that finished earlier?

Ms Dacey: No. I had thought that most of them finished in October and one might have finished earlier. But actually most of them finished in September and only one finished at the end of October.

Senator WATT: Thanks. I might keep going with this tourism aviation package just for a little while. Obviously, the success of this package is going to depend to some extent on the availability of accommodation in

the locations in question. Do you know whether any planning or research around hotel vacancies in the destinations was done prior to the program being announced?

Ms Dacey: I can only speak to my part of the program—

Senator WATT: Yes.

Ms Dacey: and I was interested in the aviation aspects of it.

Senator WATT: Okay. I appreciate this program has been led by Austrade, by the sound of it—

Ms Dacey: Yes.

Senator WATT: and I appreciate you can only answer for what your department did, so looking at hotel accommodation levels wasn't part of what you took into account in this department's approach?

Ms Dacey: No.

Senator WATT: The government has been bandying around this claim that every dollar spent on an airfare is worth \$10 on the ground in the destination. Do you know where that figure comes from?

Ms Dacey: No, Senator. I don't have the lineage of that particular statistic.

Senator WATT: Right. Do you have any figures that the department uses for this sort of modelling?

Mr Atkinson: Yes. Most of these questions or the last two are for the tourism function.

Senator WATT: This department isn't aware of any multiplier effect that comes from spending on airfares?

Mr Atkinson: I can take that on notice to see. It's not beyond the realms of possibility that there is an economist somewhere in the department who knows that.

Senator WATT: Again, it's pretty obvious that keeping state and territory borders open and states and territories having the confidence to keep their borders open based on vaccine rollouts and other things we were talking about, is going to be pretty important for the amount of aviation travel that people are going to be able to undertake. What can you tell us about what the department has done to build a more consistent approach to border measures across jurisdictions, or is that not really something you've been involved in?

Ms Dacey: I think we're engaged in whole-of-government efforts to stabilise what I call an 'enduring domestic border arrangement'. I work very closely with my colleagues from Health, Prime Minister and Cabinet and with the jurisdictions. We've been involved in that conversation for the last 12 months. I think everyone understands that having stability around domestic borders will lead to a range of very substantial positive economic outcomes. We're very pleased that we've seen a level of stability in the last few weeks that provides a level of confidence. Since the announcement on 11 March, the airlines have reported to us that they've had a 40 per cent spike in bookings across the board, not just to these 13 regions. We are seeing some evidence already of the notion that consumer confidence can be buttressed through government announcements. It's not just to these regions and it's not just these flights; it's across the board. It's like there's a signal rippling through the system.

Senator WATT: There has been some concern about the risk of airlines price gouging and effectively using this subsidy but not passing it on to the travelling public. What measures do you intend to put in place to prevent that from occurring?

Ms Dacey: We will have, through our contractual arrangements, a very clear line of sight to the sale fares—the discounted fares—so we'll be able to reconcile those very clearly. In addition, there's an ACCC monitoring and oversight role that has been in place for about a year now. We have been in discussions with the ACCC since this announcement about making sure that they take this into account in their regular quarterly reporting and monitoring.

Senator WATT: I know you said before that these negotiations with the airlines are ongoing; I take it they have begun?

Ms Dacey: Yes.

Senator WATT: Do you have an expected end date for those negotiations?

Ms Dacey: We have to have the contracts in place for a start date. Tickets go on sale on 1 April, so this week will be a big week.

Senator WATT: In general terms, would you expect that the department will contract each of the airlines to supply a certain number of fares to a certain location at a certain price? Is that how it will work?

Ms Dacey: Sort of. We're not going to specify X number of discount fares to X location. What we will do is determine relative market shares. There will be an aggregate number that is negotiated with each airline based on pre-COVID market shares. Then we are looking to build as much flexibility into the system so that if one area is

saturated or another area is showing demand, the airlines can do some internal juggling. There are a couple of parameters that we are putting through our contract negotiations about fares being available everywhere and on all the flights. But on the quantum of each—we are seeking to give the program the maximum amount of flexibility to achieve its desired objective.

Senator WATT: The starting point is pre-COVID market share?

Ms Dacey: Splits, yes.

Senator WATT: Is that particular airlines and particular destinations?

Ms Dacey: No. It's particular airlines, noting that we want coverage across all of the regions. We are looking for maximum flexibility and introducing new travel to those regions that otherwise would not be happening.

Senator WATT: Have you earmarked a particular number of tickets for each destination?

Ms Dacey: No. We are working through with the airlines their aggregate share, for want of a better word, noting what I was saying to you that we're hoping that we will, through price competition and tension, be able to lift that number up. Then, as we get into the next level and the next level of granularity in the contract negotiations, we will start settling some of those details, but we haven't yet.

Senator WATT: Can you just remind me: which airlines are we talking about?

Ms Dacey: There are Qantas, Jetstar, Virgin, Rex, Airnorth, Alliance, FlyPelican. Those are all airlines that had operated a route, or had announced that they were going to fly that route prior to 11 March, in the last two years.

Senator WATT: Right. But, say, if one of those airlines did not previously operate a particular route, they won't be subsidised to offer that route now?

Ms Dacey: No, that's right.

Senator WATT: It's based on where they were running before COVID?

Ms Dacey: That's right. We're trying not to distort the market.

Senator WATT: I've probably have about 10 more minutes on this topic.

CHAIR: Would you mind if I give the call to Senator Patrick, because he has to go, and then come back to you?

Senator WATT: Sure.

Senator PATRICK: Following on from some of these questions, I take it from your evidence prior to lunch that the threshold and the criteria that set the destinations sit with Trade—

Ms Dacey: Austrade, that's right.

Senator PATRICK: Austrade. In your implementation of the program, is it necessary for you to be shown that the party that's travelling is actually off on a tourist activity?

Ms Dacey: We have had many discussions about this internally and the practical reality is that policing that would be all but impossible. The intention is clearly a tourism outcome, but I think we have come to a very pragmatic view that activity is activity. We are expecting, by virtue of the destinations themselves, that they would lend themselves more to non-business travel. But I will not have people out there with clipboards asking that question.

Senator PATRICK: So if someone goes to Kangaroo Island and they're involved in the forestry industry or agriculture and they take advantage of these fares, you're saying there are no checks in place to make sure that that's—

Ms Dacey: In a practical sense, I just don't know how you could implement a compliance regime.

Senator PATRICK: Okay, that's interesting.

Mr Atkinson: As I said earlier, the idea is to increase the amount of activity and the number of people travelling. Someone who's travelling for business still has accommodation and eating needs and those sorts of things.

Senator PATRICK: I understand that, but if you've got a—

Mr Atkinson: A tour business wouldn't benefit.

Senator PATRICK: No, but the example I've just given is someone who decides: 'I'm going to go to Kangaroo Island. I'm going to take advantage of this particular regime. I'm going to book this fare.' Is there no declaration made that the purpose is for travel, such that there might be a defrauding of the Commonwealth? This

might be in circumstances where a business says, 'I'm going to use this program, which was intended for the benefit of tourists to actually just, in some sense, get a reduction of my business cost.'

Mr Atkinson: The way the program will be set up, it certainly wouldn't be defrauding the Commonwealth. This is actually—

Senator PATRICK: It's public money for a particular purpose.

Mr Atkinson: Yes, and the purpose is for discount fares.

Senator PATRICK: So the purpose is not to promote extra travel? My point is that the person may well be going to Kangaroo Island because they were going anyway. That doesn't end up creating a situation where there is extra travel; it creates a situation where a business gets a discount for travel they were going to do anyway.

Ms Dacey: I guess the flip side of that is, extending that example perhaps, that may generate the need for an additional flight. It may generate the need for a hire car. This is about stimulating activity, which has that ripple effect.

Senator PATRICK: Where I'm coming from is I'll pick a random example, Whyalla, where they've got international interest in cuttlefish and they draw people from an international jurisdiction. We might find that Whyalla's missing out on this because it's not a destination, while someone benefits from a cheap business fare to Kangaroo Island on a trip they were going to go on anyway. It's not just about activity. I've got people in Whyalla who would say, 'Actually, we want to promote people flying in to look at cuttlefish because the international tourists are not coming.' It distorts the purpose of the program.

Mr Atkinson: I think there are multiple purposes to the program. As far as Whyalla, it's probably in the discussion with Austrade as to the criteria for the regions.

Senator PATRICK: Sure, and I may well take that up on their behalf. It seems to me we went through JobKeeper, and there are some businesses that used JobKeeper to extend a profit, to pay dividends to shareholders, to pay bonuses to executives, and it wasn't intended that way. Now we've got a situation where we've got a program that may well be abused by businesses again for travel that they were already going to conduct, and they're getting a free trip from the taxpayer, or at least a half-price trip from the taxpayer. That's what my concern is. There should be something in place, at least, to make sure that the program achieves that objective in taking people that would otherwise perhaps not have travelled to a tourist destination and paid a tourist operator to show them something. The program could be distorted if there are no checks.

Mr Atkinson: Could I just share something with you, though. If there were a business who wasn't going to travel but who then chose to travel because of this, that's additionality—that's accommodation, that's car transport on the ground.

Senator PATRICK: Yes, but is the purpose of the program to benefit airlines or is it—my understanding was that the genesis of it was to promote travel to areas where there were tourists who were not turning up from international origins, so that those people who were operating tourist businesses get additional activity, supported by the Australian government.

Mr Atkinson: It was my take that it was broader than that. It was creating activity across these regions. The thing that has been moved out is the activity from the internationals.

Senator PATRICK: Is there a policy document that you could provide to the committee that outlines the purpose such that we can test—as is our job—to make sure that money that is allocated for a particular program is in some sense not abused. Because it happened with JobKeeper; companies abused that. You would understand my concern that we end up with a similar situation.

Mr Atkinson: There'll be a program guideline.

Ms Dacey: The program guidelines are being finalised and they'll be published as soon as they are finalised. There is a fact sheet on the website, and that provides the rationale for the program. I would echo the comments that the secretary made—there is a tourism element to this and there is an aviation element to this, and there are multiplier effects from both.

Senator PATRICK: Sure. Perhaps if you table the guidelines when they are concluded.

Ms Dacey: Happy to.

Senator PATRICK: Also consider how you make sure that payments fit within the guidelines.

Ms Dacey: The guidelines will be for the airlines, because that's where the payment is being made, and the end recipient and beneficiary of it will be the traveller. I just want to be clear about those two distinct groups of people inside the scheme.

Senator PATRICK: I want to move sideways very briefly, and then I'll finish. You mentioned to Senator Watt that the airport security program was \$90 million or thereabouts. I seem to recall when that was first introduced it was something like \$51 million or \$52 million. What's happened that that's gone up?

Ms Dacey: It's a new, separate program. It's different. It's for business as usual, and it's about rebating costs, so it's a different program. It's additionality.

Senator PATRICK: So the \$52 million that was allocated to assist with, for example, security equipment—

Ms Dacey: I think that's the RASSF. That's a Home Affairs program. We had RASI, which was about helping build some of the capex and some of the opex, and then this is a different measure again.

Senator PATRICK: You'll recall that was quite a contentious issue—

Ms Dacey: I do recall.

Senator PATRICK: There were many discussions at a references committee and in this committee in relation to that. There was an agreement struck between the government and Nationals senators—perhaps as a result of some pressure that had been put on by this committee, myself and others—that we were eventually going to a situation where security at airports was being paid for. Someone in Sydney would pay a similar cost to someone in Whyalla. You recall your own study said Whyalla had a \$52 impost for the security measures and in Sydney I think it was 96c or something, certainly below a dollar. How is that program now playing out? I understand it's Home Affairs but your department has had some input.

Ms Dacey: This program that I announced and I was talking to you about has absolutely nothing to—

Senator PATRICK: I understand that.

Ms Dacey: It does not intersect with that. The work continues to go on with our colleagues at Home Affairs about that issue of what the costs are per passenger in regional versus metro.

Senator PATRICK: Okay. Can I just tease it out a little bit more: what do you mean by 'work is going on'. There was a COVID package that was designed to make sure no one paid the security costs during COVID. I believe that's now expired?

Ms Dacey: There are a few different things going on, Senator. In the very initial AAFRP package, which was the first package announced on 18 March last year valued at \$715 million, there were three things that related to domestic security costs. There was a program called RASI that was about enhanced security requirements. You can put that to one side, because that's a stand-alone, hermetically sealed thing. Then there was a line item which was about supporting the BAU costs, which is the one I think you are talking about. It was the one where we were trying to support airports and airlines to not pass the costs on to end consumers, in particular, while COVID was happening. This new one, the Domestic Airports Security Costs Support, is a new program again. That initial rebate scheme finished on 31 December last year. Having regard for all of the circumstances that the sector is facing at the moment, the government has announced that it will provide another \$90-million-worth of support to help strip those costs out of the sector for the period 29 March to 30 September.

Senator PATRICK: So really you're referring to both of those programs. I was in Whyalla on the weekend, at the airport. They've got a new terminal, or a temporary terminal as they upgrade the first. When that new terminal opens I presume you will have sorted out these security costs?

Ms Dacey: I don't know when the new terminal is opening, Senator.

Senator PATRICK: Okay. But you see my point.

Ms Dacey: Yes, I do.

Senator PATRICK: I don't want to have a situation where we end up with \$52 being paid even for a short period by the people of Whyalla, because that will just kill all air travel—certainly a lot of it—to Whyalla.

Ms Dacey: I accept the point you're making and you would perhaps need to direct some of these conversations to my colleagues at Home Affairs.

Senator PATRICK: I know you have some involvement; hence, I was trying to find out from your perspective.

Ms Dacey: We are very conscious of the two streams of activity that are happening, and we are involved in conversations every day.

Senator PATRICK: Thank you.

Senator RICE: I want to ask about the skills drain of experienced pilots from the aviation sector. I note that while employed pilots are getting training support from their employing airline or operator to keep their skills up

to date—this needs to happen—there are a great many pilots who have been made redundant. They aren't able to access those training requirements. I want to know whether the department has a plan for resourcing the retraining of this particular cohort of pilots?

Ms Dacey: Is there a particular cohort that you are looking at, Senator?

Senator RICE: In the domestic aviation sector across the board.

Ms Dacey: In the domestic sector?

Senator RICE: Yes.

Ms Dacey: The thing that we would point to is our ongoing support through the DANS, RANS and now the TANS programs to generate activity which gets people off stood-down arrangements and back into the sky. That keeps their accreditation and it keeps their connection to the sector.

Senator RICE: But in addition to those, what I understand—

Ms Dacey: That's a significant investment, Senator.

Senator RICE: Yes, but I understand there are still other pilots who used to be employed that are no longer employed, so they aren't able to access those programs.

Ms Dacey: I think it's unquestioned that the sector has contracted in numbers. What we are trying to do is to, in a staged and sensible way, stimulate activity. At all times during the pandemic, the government has supported minimum levels of connectivity. As we reach this next stage of the pandemic, we are now moving to a more stimulatory phase. That is the best thing that we can do to get people who have skills and who want to be working in the sector back flying planes.

Senator RICE: Is the department aware of the proposal from the Australian Federation of Air Pilots to partner with training providers to address the very real skills-drain issues for those pilots that haven't been taken back on by the airlines? There's a significant cohort of pilots that need to maintain their training.

Ms Dacey: I'm aware in the broad. Certainly, that group and many other groups have written to the department over the course of the past 12 months with many, many suggestions. I'm not familiar with the absolute detail, but yes.

Senator RICE: What you're telling me is that, beyond the programs supporting the airlines to bring pilots back on board that you mentioned, like the RANS—I can't remember what all the acronyms are—you haven't got any plans to maintain the training requirements for the pilots who haven't been brought back on board?

Ms Dacey: Our firm belief is that activity is the best thing that we can do. We note that the sector will not look the same, in shape or size, at the end of this pandemic as it did before it. We are doing everything we can to help it get to its new parameters, with as many people attached to it as possible.

Senator RICE: Which is going to be smaller than what it was pre COVID.

Ms Dacey: I think that's unquestionable.

Senator RICE: Is the department concerned that, if we do want to expand it to be bigger than what it is now, the lack of skills is going to be a limiting factor in the expansion, because, basically, pilots are leaving the sector?

Mr Atkinson: In our discussions with the airlines, they've said they're planning to make sure that they have the capacity to meet demand as it grows, which includes having the right people.

Senator RICE: The problem is that the people they're going to need aren't being supported to maintain their skill base and do all of the training that they are required to do. There is a proposal, which the Australian Federation of Air Pilots have put forward, to partner with training providers to keep those pilots' skills up to date so that they will be available to be re-employed when the sector expands. But what you're telling me is that there's nothing like that that you have planned. So we could well be in the situation of having the potential for the sector to expand, but not having a ready cohort of trained pilots could be a limiting factor.

Mr Atkinson: It would be my assessment that the airlines have factored into their future workforce structures and their workforce training structures the growth that they're anticipating as the market reopens.

Senator RICE: That's your assessment. Do you know that for sure?

Mr Atkinson: It's certainly consistent with the discussions I've had with them.

Senator RICE: So essentially it's: 'Leave to it the market, and they'll do it right'?

Mr Atkinson: In terms of the additional flights and activity, having planes in the air equals jobs on the ground. If we have more activity and more jobs, certainly I know that the airlines will plan to have the people in position to respond to market demand.

Senator RICE: If they don't, if the lack of trained pilots is a limiting factor, the department recognises that it's going to be rural and remote communities that will suffer the most? I would think that the Australian Federation of Air Pilots would know what's going on. They're telling me that it's a problem that the airlines aren't currently taking on board.

Ms Dacey: Our experience has been that the airlines have led the capacity discussion with us. They have always been further ahead in their planning than our estimates of what recovery will look like. In terms of the regional point you make, our experience was that, particularly when the domestic borders were up for long periods of time, it was in fact the regional markets and regional activity that were the most robust within the sector, because people were effectively choosing to travel interstate. We saw some quite unanticipated consequences of those domestic border disruptions. Somewhat ironically, regional Australia has seen more flights with more pilots in the last 12 months than it probably has for a significant period of time, certainly relative to interstate travel.

Senator RICE: That certainly hasn't been my experience in getting to Tasmania, in terms of flights into Burnie Wynyard.

Ms Dacey: Tasmania might be different because it's an island, but I can tell you that, in Western Australia and Queensland, we have seen quite a strong trend.

Senator WATT: Just to finish this section on the tourism and aviation package, I think you told us when I last had the call that there's no allocation of a number of tickets per region?

Ms Dacey: I'll note that we are mid negotiations, but we haven't entered into the negotiations by saying, 'You'll have 10, you'll have 20 and you'll have 30.' I'm not involved in the day-to-day of the negotiations, but that wasn't our starting position.

Senator WATT: You said before that it was based on the market share of each airline into a particular region?

Ms Dacey: No, in the aggregate.

Senator WATT: So, for argument's sake, what was Qantas's market share of domestic travel pre COVID?

Ms Dacey: It was 60 to 70 per cent, approximately.

Senator WATT: You would envisage that they would get 60 to 70 per cent of the overall number of tickets, with each other airline picking up its market share.

Ms Dacey: That's right.

Senator WATT: You would then work out which destinations got how many flights?

Ms Dacey: Once we settle—let's just say, for argument's sake, that you get 20.

Senator WATT: Am I an airline or a destination?

Ms Dacey: You're an airline.

Senator WATT: Just a bit of role playing—I think I'd rather be a destination than an airline, but anyway.

Ms Dacey: Let's just say that you get 20. When we go forward through the negotiation process, I imagine the teams will be saying, 'Give us your proposal. Give us the routes that sit within that. Give us their frequency. Give us the number of flights.' That will then fall out into whatever, and they'll be held to account for servicing every region on every flight.

Senator WATT: How do you intend to calculate the individual fare that's paid?

Ms Dacey: We have a reference point. By virtue of the RANS and DANS programs, we have very good data on what fares were being charged before the announcement, so we hold that information. We've gone out to the airlines and said, 'Give us your best deal.' We haven't told them that price reference point. We are trying to keep some competitive tension in the negotiations, but that's the floor that we will accept. We are hoping that we can actually achieve some better value for money.

Senator WATT: So the allocation per airline is being based on pre-COVID market share?

Ms Dacey: Yes.

Senator WATT: The fares being paid for each flight—

Ms Dacey: They're based on pre-11 March fares.

Senator WATT: So during COVID?

Ms Dacey: Yes.

Senator WATT: Which—I'm going to hazard a guess—were, in general, higher than pre-COVID fares.

Ms Dacey: No

Mr Atkinson: No.

Ms Dacey: We picked a point relatively close to the announcement when we'd started to see quite a bit of price discounting going on because we'd had a period of stability after Christmas, with the borders being down, so it is quite a low fare.

Senator WATT: Just remind me of what you said earlier about what you're going to do around price gouging. There's the ACCC monitoring power, but what was the other thing?

Ms Dacey: We have the reference point data, so we will know from the yields and the information that they report back to us. We have been working with the airlines on various programs for the last 12 months. Because activity has been so low, we have not seen, in an airfare sense, behaviour that indicates price gouging domestically. They have also been in the space of wanting to generate any sort of activity. So there's an alignment of interests here. I'm not seeking to get into debate about their behaviour generally, but, in this period of time, we have seen no anecdotal evidence.

Senator WATT: On that point about the slightly flexible cap of 800,000 fares—

Ms Dacey: The notional allocation, let's say.

Senator WATT: and the fact that there have been additional locations added, it seems obvious to me that the inclusion of those extra destinations will reduce the number of flights that would otherwise have gone to the original locations.

Ms Dacey: As the secretary said, ultimately it's a matter for government. We think we can achieve good value for money and can probably accommodate the two additional regions.

Senator WATT: Which ones do you consider as the two additional regions?

Ms Dacey: I think it was Townsville and—

Ms Quigley: Townsville and Hobart.

Senator WATT: But Darwin wasn't part of the original announcement either?

Ms Dacey: I think that's a matter—

Mr Atkinson: Sorry, what are you referring to as the original announcement—the government announcement?

Senator WATT: There was the original announcement, which I think announced 10 locations, being Broome, Avalon, or Great Ocean Road; Kangaroo Island; Lasseters in Alice Springs; Merimbula; Tasmania, which meant Launceston, Devonport and Burnie; Gold Coast; Sunshine Coast, Tropical North Queensland, which meant Cairns; the Whitsundays and Mackay.

Ms Dacey: I think it was 13 locations announced on the 11th, and that's what the press release said.

Senator WATT: You say that included Darwin?

Ms Dacey: I don't know. All I know is 13 is the number. If it would help, I can give you that press release.

Senator WATT: I thought Darwin, Townsville, Hobart and Adelaide were all announced after the original announcement.

Ms Dacey: I don't know, Senator. I've just got the original press release here.

Senator WATT: I think Darwin was on the day of the announcement, wasn't it? The announcement was made, and then, later that day, Darwin was announced as well, and then the others after.

Ms Dacey: In general, getting back to your point, though, we think we can accommodate the regions within the 800,000. As I said, the 800,000 is a floor. We think by keeping competitive tension tight through the negotiation process that we may well be able to extract some more discounting out of that.

Senator WATT: Whether we're talking about two or four extra destinations that were added after the original announcement, what was the involvement of your department in that decision to add destinations?

Ms Dacey: As we said before, those are matters for Austrade.

Senator WATT: At what point did you find out that these extra destinations were being added?

Ms Dacey: I think on the day.

Senator WATT: Prior to them being announced?

Ms Dacey: No, I don't—

Mr Atkinson: We'd have to take that on notice.

Ms Dacey: Yes. I don't have that detail in my head.

Senator WATT: Do you know, Ms Quigley?

Ms Quigley: No. I'd have to take that on notice. I do know when they were announced. Townsville was 13 March and Hobart was on the 14th, and the fact sheet would have been updated on Monday the 15th.

Senator WATT: Townsville was the 13th, Hobart the 14th. When do you have Adelaide and Darwin down as being announced?

Ms Quigley: The 11th.

Senator WATT: Being the day of the announcement?

Ms Quigley: It was on the fact sheet, yes, on the day.

Senator WATT: But it certainly wasn't based on your advice that those extra locations got added; that was an Austrade decision?

Mr Atkinson: It was a government decision. Austrade has responsibility for the locations.

Senator WATT: Minister, are you able to tell us or, more likely, take on notice whether any representations were made by Liberal or National Party members to have those additional locations included?

Senator Colbeck: You're right—I will have to take that on notice.

Senator WATT: Thank you. Did you make any?

Senator Colbeck: I was aware of some chatter over the weekend about some destinations.

Senator WATT: Particularly the Tasmanian ones, I'm guessing?

Senator Colbeck: Yes.

Senator WATT: What do you mean by 'chatter'?

Senator Colbeck: Some conversation amongst colleagues about allocation.

Senator WATT: So other government members from Tasmania raised with you that there should be extra Tasmanian locations?

Senator Colbeck: Not directly, but there were some other conversations that were occurring around the state about the announcement, and that's what I was aware of.

Senator WATT: Did you make any representations yourself?

Senator Colbeck: Not personally, no.

Senator WATT: You didn't stand up for Hobart?

Senator Colbeck: I live in Devonport, Senator.

Senator WATT: Different countries!

Senator Colbeck: It's been mentioned that that could be the case on certain occasions, and Senator Chisholm would understand that only too well!

Senator WATT: He would. None into Ulverstone either. I just want to deal quickly with the payments that are being made to international employees of Qantas and Virgin. I think Mr Joyce has been in the media—that's Alan Joyce—saying that some staff would receive \$500 a week direct support payment. Are these funds coming out of any of the buckets that you talked about before?

Ms Dacey: Yes. When we were going through that table for the \$1.2 billion, there was a \$200 million program called International Aviation Support. That's that bucket.

Senator WATT: Will the full \$200 million be used for payments to these employees or are there a range of things that's being used for?

Ms Dacey: To be clear, the \$200 million is a payment to Qantas and Virgin to retain international long-haul and short-haul capacity.

Senator WATT: Does that mean staff?

Ms Dacey: Yes, it will definitely include staff.

Senator WATT: What else would they use it for?

Ms Dacey: Skilling, fleet readiness, some of their security costs. And the program guidelines are still being finalised. So that's not an exhaustive list. But there will be a list of activities that they will be able to utilise that funding for. Again, we are seeking to have maximum amounts of flexibility.

Senator WATT: Do you know which aviation employees will be covered by this support?

Ms Dacey: Yes, the intent is that it is directed towards their international crew and support staff.

Senator WATT: So pilots?

Ms Dacey: If they're international pilots.

Senator WATT: Engineers?

Ms Dacey: Engineers, safety managers—

Senator WATT: Flight attendants. Ground handlers?

Ms Dacey: There's a separate support measure in the package for ground handlers.

Senator WATT: And security staff?

Ms Dacey: Yes. There's a \$52 million aviation support measure, which can be aimed at domestic ancillary services, and then the \$200 million, which would cover—again, noting that we're in negotiations—all of the staff that are necessary to stand up an international capability.

Senator WATT: And this claim that Mr Joyce made that it's going to provide these international staff with \$500 a week—is that something the department has signed off on?

Ms Dacey: We are in negotiations with the airlines at the moment. We have not specified the detail to either Qantas or Virgin. But we are expecting a significant chunk of the payment will go to support staff, including keeping them skilled.

Senator WATT: Yes. So there will be some training—

Ms Dacey: Correct.

Senator WATT: They'll have to undertake training at some point as well.

Ms Dacey: For currency and accreditation purposes.

Senator WATT: You may not have settled on a dollar figure, but you would envisage that some of these funds will be used effectively as wage subsidies to these staff?

Ms Dacey: Without getting into the detail, because we haven't settled it, we envisage there would be a wage element involved.

Senator WATT: There would be a—

Ms Dacey: A wage element involved.

Senator WATT: What assurances have you sought from the airlines about the retention of workers as a result of these support measures?

Ms Dacey: That will be at the heart of the contractual arrangements that we enter into with them. And they will be held to account each month to achieving the things that we agree with them so that they can stand up an international capability. That includes planes and people.

Senator WATT: Do you envisage that they'll be required to retain all of their international staff or—

Ms Dacey: I wouldn't like to get too far ahead of myself, given that we're in the middle of contract negotiations, but the intention of the program is quite clear.

Senator WATT: You said the payments will be made to the airlines?

Ms Dacey: Correct.

Senator WATT: Who will then have to pay their employees the wage component?

Ms Dacey: They will have to satisfy us that they are spending the money on a series of activities that we agree with them that will be incorporated into the program guidelines.

Senator WATT: You said that these payments will include a wage component?

Ms Dacey: I certainly envisage that they will.

Senator WATT: And they'll be paid by the employer to the employee?

Ms Dacey: The Commonwealth will be paying the airlines. And we're in deep discussions with the airlines about what then happens for us to be satisfied that the money is being spent in accordance with the intention of the program.

Senator WATT: But the wage component will end up being paid to an employee by their employer?

Ms Dacey: I can't say definitively, because we're mid-negotiations. But it would seem a very likely outcome.

Senator WATT: It's starting to sound a lot like a smaller form of JobKeeper.

Ms Dacey: I think the fact that it encompasses all other things, like de-mothballing planes and skilling and training—I think it's quite different, but there is a wage element.

Senator WATT: The article I referred to earlier today from *The Sydney Morning Herald* quotes Nationals MP Pat Conaghan as saying, 'The aviation sector support of \$1.2 billion is effectively an extension of JobKeeper, just dressed up differently.' Do you agree with Mr Conaghan that it's effectively an extension of JobKeeper?

Ms Dacey: That \$1.2 billion, as we've discussed, includes TANS, includes extensions to fee waivers, includes—

Senator WATT: But we're talk being the wage component.

Ms Dacey: But it's not a wage component. We see it as a capability retention payment.

Senator WATT: I'm just quoting back your words from five minutes ago.

Mr Atkinson: We're still in negotiations about exactly what form that will take. It's a payment for them to maintain the capability, the structures—

Senator WATT: Which would include a wage component, you would anticipate.

Ms Dacey: I would anticipate so.

Senator WATT: That must be what's making Mr Conaghan say it's effectively an extension of JobKeeper just dressed up differently.

Mr Atkinson: It's quite different, right? There are all the other elements in terms of that program. It's a capability and capacity payment for them to have a capability online, with training and people and planes and all sorts of things.

Senator WATT: So why is the department prepared to make JobKeeper-like payments to international aviation employees but not to other employees involved in aviation?

Ms Dacey: I think the key differential is that the international border remains significantly packed down because of public health needs. Whereas what we are hoping, through TANS and DANS and all the other support measures, is that we can get a more enduring domestic travel bubble, and that that will open up activity domestically, and that that will continue to come back online. We're really hoping that that happens in an enduring, straight-line way.

Senator WATT: You mentioned that ground handling and security staff will be assisted through a different program.

Ms Dacey: Correct.

Senator WATT: Would you anticipate there will be a wage component to those employees?

Ms Dacey: I think the ground handling one is about training and certification, and the security one is about managing and stripping out security costs.

Senator WATT: But no wage component to those staff?

Ms Dacey: No.

Senator WATT: So why does the department think it's appropriate to pay a wage component to some international aviation employees and not others?

Ms Dacey: Just to be clear, we're not paying a wage comment.

Mr Atkinson: Just to be clear, we're not giving opinions on government policy either.

Senator WATT: Okay. What's the policy rationale for—

Ms Dacey: As I described to you, one border arrangement is absolutely locked down for the foreseeable future. Other border arrangements and domestic activity are being stimulated through a range of other measures.

Senator WATT: But what about the ground handling staff and security staff who ordinarily service international flights?

Ms Dacey: I'll take it on notice, but my understanding is that all of that international capability will be captured in the IAS. Please let me take it on notice.

Senator WATT: So it's possible that the ground handling staff and security staff for international services might receive also this wage component?

Ms Dacey: That's right. I just want to check.

Senator WATT: Can you let us know?

Mr Atkinson: It's also possible that those people can work with additional activity on the domestic side.

Ms Dacey: That's true.

Senator WATT: Theoretically.

Mr Atkinson: There's a specialisation in A380 pilots—

Ms Dacey: We are talking, as part of our conversations with the airlines, about whether you can swing capability. Particularly, certain aircraft types for short-haul international can be deployed for domestic. That is a live part of the conversation.

Senator WATT: I would have thought that in an environment when domestic flight services are down as well, there's a limit to how much you can transfer international staff, whatever they might do, over to domestic.

Ms Dacey: We are conscious, too, that we are looking to open up safe travel zones internationally. There's a range of moving parts in this space. But I accept the point you're making.

Senator WATT: Why were these measures announced before the details of them were settled with the airlines and the ground handling companies?

Ms Dacey: We've been in discussions with stakeholders in the sector for 12 months, effectively. And as with pretty much all of the programs—certainly the vast majority of them—we announce them and then we work through the details quite quickly to have them implemented in the next period of two to three weeks. Which is exactly what happened this time.

Senator WATT: I understand that the new retention scheme will exclude some workers for foreign owned airlines who were previously eligible for JobKeeper, including those at Cathay Pacific. Is that correct?

Ms Dacey: That's correct. Virgin and Qantas are Australian airlines, and it's Australia's sovereign international capability that the program is framed around.

Senator WATT: Do you know how many workers this will impact, who were receiving JobKeeper but will not qualify for this one?

Ms Dacey: No, I don't know.

Senator WATT: Could you please take that on notice?

Ms Dacey: I think you'd have to ask my Treasury colleagues. I don't hold the JobKeeper information.

Senator WATT: I just want to avoid a situation where they say they'll have to ask you, because they don't have the information.

Mr Atkinson: They won't, in this case.

Senator WATT: Yes, but this program is not theirs; this program is yours.

Ms Dacey: That's right. But, to be clear, we are focused on Qantas and Virgin. They are Australia's sovereign capability. People who worked for foreign airlines who were on JobKeeper, I wouldn't have those statistics.

Senator WATT: Did you do any modelling to undertake what it would have cost to include those workers in this new scheme?

Ms Dacey: We were very focused on Australia's sovereign capability.

Senator WATT: So no?

Ms Dacey: The program parameters were made very clear to us.

Senator WATT: So you didn't undertake any modelling, because of that.

Ms Dacey: Yes.

Mr Atkinson: Senator, Ms Dacey's been very helpful. You're asking her to lean quite into the government policy instructions.

Senator WATT: I appreciate your assistance, Ms Dacey.

Ms Dacey: I think I've just been told to be quiet.

Senator WATT: That was my last question anyway!

Mr Atkinson: I was just suggesting you'd been very helpful.

Senator WATT: I'll just add: could you give us a quick overview of the process you're undertaking to develop the five-year plan for aviation?

Ms Quigley: We've been doing a range of things to support the five-year plan. We started with the release of *The future of Australia's aviation sector* issues paper on 1 October. That was, basically, to stimulate the sector's view on a range of different policy options. We received 68 written submissions, most of which are on the department's website. Only those who had asked for a confidential submission aren't on that website. We also conducted 70 consultations with organisations and we have an expert panel led by Patrick Murray. He has also done some consultations with 42 different key stakeholders. We've got now some analysis of all of those inputs and we're bringing that together so we can advise government on the next steps.

Senator CHISHOLM: When do you expect the plan to be released?

Ms Quigley: In the issues paper there was a reference to releasing it in the first half of this year, and we're working hard to support government in that decision.

Senator CHISHOLM: I know you mentioned the list of consultation engagements that the reference panel has undertaken. Would you be prepared to list a table of those?

Ms Quigley: Yes, I think that should be fine.

Ms Dacey: The vast majority of submitters are available on the website already. That will give you a pretty good flavour of who's been engaged in the process.

Senator CHISHOLM: Just on a separate issue, can you let the committee know when we should expect to see the outcomes of the review of demand management at Sydney airport?

Ms Quigley: That's the review that's being undertaken by Peter Harris. He's done also a round of consultations and has prepared a report, which we're currently going through, and the decision on release will be a decision for government.

Senator WATT: I have just one more question. There's an article that's just come up, with the New Zealand Prime Minister saying New Zealand's not yet ready to open a travel bubble with Australia. There's a lot of interest in where we're at with international travel. What's your department's expectation about when international travel may be able to be resumed? Don't worry, we'll ask Health about it as well, but you must be doing some planning of your own?

Mr Atkinson: We're doing a lot of work with Health and Home Affairs, trying to move as quickly as we can to reopen international. There's a lot of complexity in that. It has to do with global vaccine rollouts and alignment of countries being comfortable with vaccination levels. Obviously we've got the green lane with New Zealand, but a lot of it will come down to the comfort of health officers with people coming into the country, howsoever defined, and not needing to go through a two-week quarantine process. There's a lot in that, but we are working really hard on it.

Senator WATT: Alan Joyce has been in the media, and certainly other people from the travel and tourism industry has been as well, in some cases even budgeting for the reopening of international travel by October, possibly earlier. Should we be expecting to undertake international travel in that sort of time frame?

Mr Atkinson: I am not going to go on the record with a crystal-ball guess as to how that's going to play out.

Senator STERLE: And neither should Qantas.

Senator Colbeck: We're a long way from making those decisions yet, and I think Prime Minister Ardern's comments today probably reflect that as well.

Senator WATT: Yes. Thanks.

CHAIR: Thanks very much, Senator Watt. That concludes our questions for this part of the department. We're now going to the move to Airservices Australia please.

Airservices Australia

[14:46]

CHAIR: Just to mix it up a little bit, I might start. I won't be long. I just have a couple of questions on the changes to the class E airspace, particularly around Townsville, though, of course, this applies more broadly around the country. Can you talk me through the basis on which that decision was made?

Mr Harfield: No decision has been made yet. What we put out for consultation earlier this year was as a result of what we're seeing in the airspace as an arrangement of managing the day-to-day risk. Last year we saw a number of accidents in that type of airspace, which is currently what we would call class G airspace.

CHAIR: Specifically whereabouts?

Mr Harfield: There was an accident at Mangalore—a midair collision—in February last year. And, as well, we've seen the change in traffic profile as a result of COVID. We've seen the airspace up and down the east coast of Australia which is currently class G become busier than what it once was. To take an example, Ballina airport is now 50 per cent higher in traffic than it was pre-COVID. That changing risk type got us to looking at how we can enhance the services that we provide to better protect all of the airspace users. Earlier this year we put out a proposal to lower class E airspace up and down what we call the J curve, which ostensibly is the east coast. We put that out for consultation. During that time, we got over a thousand pieces of feedback. We've taken those on board and returned the proposal, and last week we went out again for further consultation on the revised proposal to industry. We will do that over the next four to five weeks. After that consultation, we'll take the feedback on board and see what the proposal will be, before we submit it to CASA for approval.

CHAIR: What is the revised proposal?

Mr Harfield: The revised proposal is lowering class E, but, instead of down to above ground level, it's above mean sea level. I can refer you to a website, which we can provide on notice, which has all the details of the revisions as well as the changes, in tracking the consultation that we received and how we've addressed that consultation.

CHAIR: I've had a significant amount of contact around this—not positive—so I'll look forward to a demonstration of how this is going to maintain activity, particularly in general aviation, and what is the demonstrated safety case, because there was also another case—anyway, I have committed to not holding things up for too long. I am very interested in this topic, and I hope you'll include me in your advice as to when you are prepared to go to CASA.

Mr Harfield: Absolutely. I will admit that, as a result of the way we initially positioned some of our wording, some of the feedback that we got did give the impression a decision had been made when that was not the intention at all. That's why we are going through the process of making sure we have taken on board over 1,000 pieces of feedback. We're now back out again, and we'll make sure you see that. After that consultation, when we get to where we want to finalise it, we will put that out for comment as well.

CHAIR: Terrific. I now have some questions that refer to a document, so I'm going to ask that be tabled, please. There should be enough copies for all of the senators who are here. I ask these questions on behalf of Senator Duniam from Tasmania. He's asked questions about Airservices Australia's response to a risk review of Hobart airport undertaken by CASA in June 2019. His understanding is that CASA undertook this review due to Hobart's air traffic levels continuing to exceed government mandated safety triggers. In response, Airservices lodged a submission to CASA's review, proposing to upgrade Hobart's air traffic control service from class D to class C, to provide a radar service similar to services provided at all other major and capital city airports.

I'm going to refer you to page 4 of tabled document 1—the Airservices submission—which summarises the benefit of this proposal. While you have a look at it, I will just quote from it. It says Yankee Mike Hotel Bravo, or Hobart airport:

... has continued to exceed the Class C airspace review criteria threshold for passenger numbers, listed in the Australian Airspace Policy Statement 2018 ... since the last airspace review undertaken in 2017. Currently it exceeds the 1 million passenger trigger by more than 1.7 million passengers at 2.7 million.

To ensure there are no impacts on safety at Hobart, this proposal seeks to proactively address any chance that unmitigated growth could have on safety.

To achieve this, Airservices proposes changes to the aerodrome, approach and airspace system to provide a capability to deliver a Class C aerodrome and a Class C approach service at [Hobart] and surrounding airspace.

The submission goes on to describe at length the safety and efficiency benefits, and the value to the aviation industry of this proposal, including increased safety for airspace users; improved detection of, and response to, safety critical deviations and breaches; improved efficiency of Tasmanian traffic flow, reducing cost and delays to industry; and more flexibility to provide services to essential first responder services such as police, firefighting, medical emergency and evacuation flights. Senator Duniam understands that CASA accepted Airservices's proposal and recommended that it progress it by December 2020.

I now refer you to tabled document 2, which contains correspondence between Airservices Australia and CASA from November 2020 referring to this recommendation. In it, Airservices says the Hobart class C initiative no longer aligns with its airspace modernisation plan, and the time frame has been delayed due to COVID. The correspondence concludes with an agreement with CASA to delay further consideration of the class C proposal to 23 December—another three years. The situation seems to be that the proposal, which would deliver significant

safety improvements, which it's bound by the Airservices Act to consider as highest priorities, provide a financial benefit to Australian airline industry at a critical time. The proposal would modernise and allow more aircraft to land at Hobart airport when demand is increasing and tourism needs to recover, and yet Airservices and CASA are delaying this important initiative. What would be the financial cost to Airservices of implementing the class C proposal in Hobart?

Mr Harfield: The delay, due to COVID and resetting to about 2023, is aligned with the fact there's only 20 per cent of the traffic that was there prior to COVID. That allows us to work through this, with everything else we are changing, to ensure we can get the class C airspace in prior to the traffic returning to the pre-COVID levels. So it's not like we are putting it off; we've just rescheduled it as a result of the fact that we're at 20 per cent traffic to what we once were.

CHAIR: Right. So is it not the case that Hobart airport was recently found to be the Australian airport recovering most strongly in terms of passengers numbers?

Mr Harfield: Passenger numbers, but not necessarily in activity numbers. Yes, it is responding better than other places around Australia. However, it's nowhere near where it was prior to COVID.

CHAIR: What percentage would you say of passenger numbers?

Mr Harfield: Passenger numbers I can't give off the top of my head because we really work in activity numbers or movement numbers. We can trace back historically, but we're probably around about—I don't know if Mr Logan has it—30 per cent of what traffic there once was. But the majority of traffic was regular public transport airline traffic.

CHAIR: I'm putting it to you that Hobart airport has almost reached the same volume of flights as pre-COVID-19 levels, now supplemented by regular international flights.

Mr Harfield: That may be the case, so I need to take that on notice and come back to you.

CHAIR: Thank you. With the demand for air travel to Hobart likely to return strongly, wouldn't now be the perfect time to implement a new air traffic control initiative?

Mr Harfield: Yes, it would be.

CHAIR: I understand Airservices is currently undertaking a post-implementation review of Hobart flight paths. Again, wouldn't this be the ideal time to look at all the options, particularly this one, which Airservices and CASA have both agreed offers multiple benefits?

Mr Harfield: Yes, it is.

CHAIR: Will Airservices reconsider its decision to deprioritise implementation of its class C initiative for Hobart airport?

Mr Harfield: Yes, Senator.

CHAIR: Wasn't that quick! Over to you, Senator Sterle.

Senator STERLE: I want to go to the Broderick report—a couple of questions around that. I'll take you to one of the last paragraphs on your website, which talk about the review team finding there were distinct areas of culture that require immediate action and reform, including the levels of bullying and harassment. One of the recommendations from the Broderick report was the creation of the Safe Place team. How's that gone?

Mr Harfield: That was established late last year and is now up and running.

Senator STERLE: Can you walk us through it? Who's on it; what do they do; do they meet regularly?

Mr Harfield: Safe Place is a unit, a group of staff, that handles investigations, as well as reviewing. It is independent of normal line management for people to report to in a confidential manner. One of the findings that came out of the Broderick review is that people were not confident in reporting through the management chains, so that unit is there to do the investigations et cetera under the code of conduct or anything that may be referred to them.

Senator STERLE: Have they done any investigations since their formation?

Mr Harfield: They have done a number of investigations.

Senator STERLE: Can you walk us through—no names, no pack drill—the success of it?

Mr Harfield: To give you the exact numbers, I'd have to take that on notice. But there have been a range of outcomes where people have left the organisation. There have been sanctions under the code of conduct, as well as investigations finding that the allegations haven't been substantiated. There's a range across the board.

Senator STERLE: Who heads the team?

Mr Harfield: It is headed by our chief people and culture officer.

Senator STERLE: So there are a couple, not one person?

Mr Harfield: There is the executive in charge and then there is a manager in charge of Safe Place.

Senator STERLE: How were they appointed to the role?

Mr Harfield: The manager of Safe Place went through a selection exercise. Originally, with Safe Place, as a result of the Broderick review, we went outside of the organisation rather than internal, just to make sure that it was set up appropriately. The individual who was selected went through a normal selection process and was selected after advertising.

Senator STERLE: Selected by the staff—not through management as well; just the staff?

Mr Harfield: No, it was a normal selection process where I signed off, for example, the individual's recruitment, based on a normal recruitment exercise to external staff.

Senator STERLE: How many consultants has Airservices engaged in the last 14 months?

Mr Harfield: I'll have to take that on notice.

Senator STERLE: If you could, and also the cost that that has brought with it.

Mr Harfield: Yes, we can provide that.

Senator STERLE: Have you looked at reducing your fees and charges to airlines?

Mr Harfield: We are being government subsidised at the moment. It's also part of the fact that the scheme that was talked about previously is that the domestic waivers are in there, ensuring that's the case.

Senator STERLE: Yes. Which you did say at the COVID aviation inquiry two weeks ago.

Mr Harfield: Yes.

Senator STERLE: I have a host of questions. I'm going to put them on notice.

Senator CHISHOLM: I have some questions around Brisbane and the new runway. When did Airservices Australia commence, and then finalise, the standard terminal arrival route and the standard departure design for the new parallel runway integration into the Brisbane basin air space?

Mr Harfield: I have to take the specifics on notice, but the finalisation of it would probably have been about 12 months before the opening of the runway, which would have been mid-last year. You are probably talking about around 2018-19. I will correct that if it is not correct.

Senator CHISHOLM: When was the decision made to adopt a closed STAR model in preference to an open STAR model, utilising radar vectoring to final approach with a dedicated director position?

Mr Harfield: I have to take it on notice for specifics.

Senator CHISHOLM: I presume it was in that same time period.

Mr Harfield: That may have been earlier, because it's one of the design principles—across the country, in introducing standard terminal arrival routes, we tried to go, where we possibly can, to closed STARs. The only place that doesn't—that has open STARs—is Sydney airport.

Senator CHISHOLM: Was the closed STAR model peer reviewed by another airline navigation service provider? If so, when, and was it after or before the adopted model was selected?

Mr Harfield: As I said, closed STARs has been a design philosophy that we've had in the air space since standard terminal arrival routes were introduced in the mid-1990s. With regard to Brisbane, I would have to take that on notice.

Senator CHISHOLM: So you say open STAR is at Sydney airport?

Mr Harfield: Sydney has an open STAR.

Senator CHISHOLM: And is that the only capital city?

Mr Harfield: To my understanding, it is the only capital city where there is an open STAR. The other STARs at other groups—say, for example, Melbourne—are closed STAR, where they take them all the way to the runway threshold. The difference between an open STAR and a closed STAR is that the tracking is all the way to the threshold with a closed STAR. With an open STAR it's to a certain point, and then the air traffic controller will then vector the aeroplane onto final approach.

Senator CHISHOLM: Why was a closed STAR model chosen? Is it more suitable for Brisbane?

Mr Harfield: It's what we use across the country. It's more suitable, it's more predictable and it's better in traffic management overall, because it allows the air crew to manage the flight all the way to the threshold, rather than getting to 20 miles and then not knowing how long they're going to be vectored for, how many track miles to run. When you're trying to manage the aircraft flows, it's a much more efficient way.

Senator CHISHOLM: Does this mean there would be an increased frequency over a particular geographic area on entry?

Mr Harfield: Potentially, yes, because the aircraft will navigate within closer tolerances rather than being vectored where the tolerances are undefined.

Senator CHISHOLM: So it potentially would impact the noise of residents under the flight paths?

Mr Harfield: Yes, it would, in the sense that it would mean that there is more frequency. However, that's balanced with an open STAR environment, where you affect more residents as a result of spreading the noise rather than having it in the same place on a regular basis.

Senator CHISHOLM: What research was conducted amongst other airline navigation service providers about the air space design models for independent and dependent parallel runways?

Mr Harfield: I have to take that on notice. We have had the United Kingdom's National Air Traffic Services come and review them from time to time, but I would have to take it on notice for specifics.

Senator CHISHOLM: What input did the Brisbane Airport Corporation provide as far as a preferred model of operation for the use of parallel runways?

Mr Harfield: I have to take that on notice to go back. Having parallel runways has been around for Brisbane for 20 years, so that sort of decision was made at that stage. The difference between dependent and independent parallel runways is the distance between the runways and how they operate. When they are a certain distance apart, such as in Sydney, where they're only about just over a kilometre apart, they have to be operated in what we call a 'dependent mode', which means that they are treated as one runway: if you have aircraft on final, you have to stagger them—even though, technically, they are on different runways—because the runways are treated as one. When they are independent, you can operate them as two separate runways. That's the difference between 'dependent' and 'independent'. So I would have to go back and check, because that's not a recent decision.

Senator CHISHOLM: Were consultants used by Airservices Australia in the design of the parallel runway airspace, and, if so, were any of the consultants recent Airservices Australia employees?

Mr Harfield: I would have to take that on notice.

Senator CHISHOLM: How does this design process differ from recent development of new airspace?

Mr Harfield: Can I ask for a clarification there? I'm not quite sure—

Senator CHISHOLM: In terms of the process that was gone through with Brisbane, and the design process, how would that differ from the development of other new airspace in regard to—

Mr Harfield: Flight paths for a runway?

Senator CHISHOLM: Yes.

Mr Harfield: There's no real difference.

Senator CHISHOLM: So there's a sort of standard process that you would go through?

Mr Harfield: Yes. For clarity's sake: with the Brisbane runway, I think the environmental impact statement was done in about 2004; they had to reclaim back out to the bay, so it was done earlier. It was our first greenfields new runway since the Sydney runway in the mid-nineties, so it was a process that was conducted through the 2000s and the teens. The basis of what we've done is what we're replicating now for the potential new runway in Melbourne and the potential new runway in Perth, as well as for Western Sydney.

Senator CHISHOLM: Were other options considered for the parallel runway airspace design?

Mr Harfield: There most likely would have been, but I'd have to go back and take on notice what considerations were made, and when, to end up with the final model.

Senator CHISHOLM: I also have some operational performance questions. What proportion of flights in the 10 pm to 6 am overnight period—this is in regard to Brisbane—have been directed over the bay since the new runway was opened?

Mr Harfield: I'd have to take the specifics on notice; however, where weather conditions permit, we are trying to do over-the-bay-operations as much as possible—not even just during the night-time period but also during the day.

Senator CHISHOLM: I've got a series of questions about that. They're pretty specific, so it might be best to put them on notice.

Mr Harfield: We can give you specific answers.

Senator CHISHOLM: I'm happy to leave it there.

CHAIR: Thanks, Senator Chisholm. Unless there are any other questions for Airservices, I think we are right to let you go with our thanks.

Mr Harfield: Thank you very much.

Civil Aviation Safety Authority

[15:08]

CHAIR: Senator Sterle, over to you.

Senator STERLE: Hello, Mr Crawford. How long have you been the acting CEO of CASA for?

Mr Crawford: Three months, almost.

Senator STERLE: How long are you going to be acting for?

Mr Crawford: I'm afraid I can't answer that question.

Senator STERLE: Okey-doke. I'll put the question to you, but I think I might need Mr Atkinson back. Somebody else might be able to help me. Can you provide an update on the selection of the CEO? Are you able to do that, Mr Crawford?

Mr Crawford: I'm afraid I'm not able to do that.

Senator STERLE: I didn't think so.

Mr Crawford: I am one of the candidates.

Senator STERLE: Yes, that's right.

Ms Dacey: The update I can provide you is that the process is progressing and that it's between the chair, the chair of the CASA board, and the minister.

Senator STERLE: Who is the chair of the CASA board now?

Ms Dacey: Mr Tony Mathews.

Senator STERLE: Just remind me when Mr Carmody officially left?

Ms Dacey: I think it was the last day of 2020.

Mr Crawford: Yes, the 31st.

Senator STERLE: So three months. Why has it taken so long?

Ms Dacey: It's an important decision, an important process.

Senator STERLE: I'm sure there are many capable people around.

Ms Dacey: I don't want to do anything to prejudice the process that's underway.

Senator Colbeck: It's an important process and, ultimately, it will be considered by cabinet for a formal decision.

Senator STERLE: Minister, you and I have been around this committee for a long time. We do know how important it is. How long does it normally take to replace the CEO? Can anyone tell me that?

Ms Dacey: I'd be guessing the previous time frames.

Senator Colbeck: It would vary, depending on the decision.

Senator STERLE: Have we had one go this long?

Mr Crawford: I believe Shane Carmody acted for about six months before he was appointed.

Senator STERLE: No names, no pack drill, but how many candidates are there?

Ms Dacey: I didn't bring that level of detail, I'm sorry, I didn't—

Senator STERLE: That's alright; you can take it on notice. I just want to know. So is there a line in the sand when a decision will be made, to anyone's knowledge?

Ms Dacey: Obviously, we would like to resolve it but we have a very capable acting DAS, at the moment, in Mr Crawford.

Senator STERLE: Don't tell me that, tell the minister there so he can get on with it. It's pretty easy in the chair.

Ms Dacey: Yes, Senator.

Senator STERLE: There you go, I've just spelt the death penalty to your career, sorry. I hope you do get it! Alright; no-one knows.

CHAIR: I've got a couple of questions about a case that's just been completed in the Supreme Court but held in Mount Isa. Judge Henry said that he'd dismissed the jury—this is the Josh Hoch case—telling them that the case had been dropped. He said, 'Evidence linking Mr Hoch to the alleged crimes was lacking,' and he 'officially concluded it was not sufficient to pursue a case'. That is a case that was scheduled to go for three weeks and went for three days. After a 120,000-page brief of evidence, they didn't have enough evidence to get past three days. I understand that the police have been collecting evidence for CASA's trial against Mr Hoch. How is your confidence, in your case, now that it has just been thrown out after such a short amount of time and the judge was scathing in his comments?

Mr Crawford: My understanding is that the Queensland police case was settled earlier or they didn't proceed. The CASA case, as far as I am aware, is still proceeding. I may ask Jonathan Aleck to come up and expand on it.

Dr Aleck: This was a prosecution by the Queensland prosecutorial authorities. The charges that were dismissed involved a matter that wasn't specifically subject to CASA's involvement. This involved tampering with the aircraft and some ambiguities about what was or wasn't shown on films. There were, I think, over 300 charges initially laid against Mr Hoch, many of them stemming from activities that relate much more directly to CASA's remit. We were confident when we submitted the brief to the prosecutor. The prosecutor remains confident that these matters will proceed more successfully—if that's the right term.

CHAIR: Mr Hoch's been left with, at best estimates, probably over \$300,000 of legal bills, with no recourse to anybody, for a trial that has now been completely tossed out. I hope that CASA will be considering the strength of its case, because I feel very uncomfortable that somebody who has been found to have no case to answer has been left destitute. We hear time after time about CASA pursuing cases that leave people without a home or without their parents having a home. I am just flagging to you that it would be timely to consider the evidence that may have been collected, I believe, by the police in this case.

Dr Aleck: Whether the case proceeds or not is not a matter for CASA. It's a matter for the prosecutor. They won't query us, except if they make a decision to go forward or not go forward. They would make their decision based on the evidence and their confidence in success. We don't prosecute cases. That's a misconception. We submit briefs to the prosecutor. The prosecutor then has complete discretion as to whether or not to go forward.

CHAIR: Alright. There is an interesting question—I guess this is potentially more for the police, but it applies to CASA as well—about what it costs you to collect this evidence for a prosecutor to take forward. Do you feel that the amount of time and effort you are taking to pursue some of these cases is reasonable and that the outcomes are reasonable?

Dr Aleck: By and large, yes, I do. Certainly in this case I do. Some very serious charges were laid, and some very serious issues were raised in this case.

CHAIR: For which it was found that he did not have a case to answer. The estimate is \$300,000, at least.

Dr Aleck: That part I can't speak to, because we weren't involved in that, but that's one part of a much larger case. There are proceedings for Commonwealth and state offences as well.

CHAIR: But the Queensland police collected the evidence for both?

Dr Aleck: They were involved in much of it, but so were our investigators.

CHAIR: If you're satisfied, Dr Aleck, then we'll continue, but I just feel horrified for this person. After hundreds of thousands of dollars in legal fees and a case that's been thrown out, I hope that you have good grounds for proceeding and that they are reasonable and fair. I think this is an Australian who has been treated poorly.

Dr Aleck: I'm hopeful and confident that the case that CASA was involved in won't be thrown out, but that remains to be seen.

Mr Crawford: We believe it is reasonable and fair.

CHAIR: You believe it is reasonable and fair?

Mr Crawford: Yes. That's our position at the moment.

CHAIR: I don't have any more questions for CASA. Please go with our thanks.

Proceedings suspended from 15:19 to 15:37**Australian Rail Track Corporation**

CHAIR: We're ready to recommence with Australian Rail Track Corporation.

Senator STERLE: Thank you very much, Mr Wankmuller. This is your last one, I believe.

Mr Wankmuller: Could be.

Senator STERLE: If I don't get the opportunity later, I wish you well on your journeys and whatever you choose to take up in the future, you and the family.

Mr Wankmuller: Thank you.

Senator STERLE: Firstly, I've got an couple of emails from some lovely people who have been in constant contact with me over the year; I don't need to mention their names. They did raise some questions with me and I said I would ask. What can you tell me about Mr Scott Fuller from HTW valuers? Who should I put that to? I'll give you some more background: he was with New South Wales Farmers and the Country Women's Association visiting farms. Does that shine a light on anything?

Mr Wankmuller: Senator Sterle, as you know, I like to get out and meet as many people as possible. I'm not familiar with that individual. I might ask Ms Pickering if she is.

Ms Pickering: No, I'm not familiar with that. Herron Todd White, HTW, is a property valuation services company. So I assume it's in relation to property acquisition issues.

Senator STERLE: Yes, that's what I know. I don't have a lot of information, just that he was obviously representing HTW valuers, travelling with New South Wales Farmers and the CWA, as I said. HTW is obviously contracted by ARTC to do the valuations. They believe now he's employed by ARTC—no, hang on—

Ms Pickering: Not directly but as a consultant.

Senator STERLE: Sorry, yes. So why would he be with New South Wales and Country Women's?

Ms Pickering: Apologies. At times Herron Todd White have done work for ARTC directly. In the instance you're talking about, I believe Herron Todd White did some community information sessions with NSW Farmers and the Country Women's Association explaining some of the compulsory acquisition instances.

Senator STERLE: Okay. I don't have any more on that, but there was concern from some people along the lines that they thought it was quite underhanded. Let me find out some more so I can raise that. I don't know if NSW Farmers and the Country Women's Association have a different view to some of the affected landowners between Narromine and Narrabri. Would that be the case? I'm only guessing now.

Ms Pickering: Yes, I understand there were some information sessions on the Narromine to Narrabri section commissioned by NSW Farmers and CWA. I think that may be what that is referring to.

Senator STERLE: Help me out. I really am flying blind here. Is that because they have thoughts different to those of some of the affected landowners between those two points?

Ms Pickering: I'd be speculating there. I'd be happy, if there's a question there, to take it on notice and come back to you.

Senator STERLE: Sure. I'll leave it till I can find out a bit more. There was a bit of questioning before, which we put to bed, and that was just a tack-on. Thanks very much.

I want to talk about the North East Rail Line and the maintenance that's funded. Has the North East Rail Line had added funding to make sure we don't have any more unsafe experiences or unreliable services? Can someone talk about that—how much we've put in and what we have done?

Mr Campbell: The North East Rail Line has had a significant upgrade to achieve an equivalent ride to a Victorian class 2. We're expecting that, as a result of that project, passengers travelling from Albury down to Melbourne will have a distinctly improved quality of service, and we're expecting services to be much more punctual. I was down there a few weeks ago, and all of the physical work is complete. There are some residual signalling works to happen over the next few months. There were some delays due to COVID in getting the right technicians, but ostensibly the project is complete now.

Senator STERLE: That's good. How much was that project?

Mr Campbell: The approved amount was \$235 million.

Senator STERLE: That was all federal money, or was some state money in there?

Mr Campbell: Yes, all federal.

Senator STERLE: I'll come back to our favourite subject and we'll talk about the Inland Rail. Bearing in mind the inquiry is still going, we've got a lot to talk about. You know me; you hear me coming. With the extra \$5 billion, we're \$14.4 billion now and counting. With the project costs going up, could you confirm the project business case still stacks up for us, please, Mr Campbell?

Mr Campbell: 'Yes' is the answer. The numbers will be different because, with the passage of time, I guess the capital cost has increased. I might get Richard to give you some sense of exactly the additional work that's being undertaken. Simon, did you want to comment on the specific business case? There hasn't been a refresh of the business case as such that I'm aware of. Richard, did you want to just explain the—

Senator STERLE: Before you do that, let's start somewhere. When it was first announced, it was \$4 billion—please correct me if I'm wrong—and that was when? Help me out: was it 2016 or 2017? When was it first announced?

Mr Wankmuller: I would have to go back and check the exact date, but I think that was more like the 2010 study.

Senator STERLE: The 2010 study—sorry. When it was officially launched—I think it was Minister Joyce at the time who launched it—what was the cost then? Do you remember?

Mr Wankmuller: I'm going to answer your question but, if you don't mind, a couple of people might not know and it might seem weird that we're juggling around.

Senator STERLE: That's alright. It's not a problem.

Mr Wankmuller: Mark Campbell is the CEO of ARTC. I don't know if he's had a chance to meet all of you. He was ill at the last estimates and he wasn't able to make it.

CHAIR: That's right. I'm very sorry. You were sick and we were all very disappointed.

Mr Campbell: As I was too.

Mr Wankmuller: He's the new and very capable CEO of ARTC. I've met all of you except Senator Chisholm, who I met just briefly a minute ago. Rebecca Pickering has been our director in charge of all of our environmental work—the EIS work, the engagement work and some of the property work—for a few years now, so many of you have met her. We also have Simon Ormsby, who is our executive manager for the interstate division, which is what Inland Rail will become part of when completed. He also has an extensive background working in corporate ARTC and was directly involved in the business case, and that's why I wanted to get that on record before.

Senator STERLE: And he is also a member of FORG?

Mr Ormsby: ARTC is a member of FORG.

Senator STERLE: Are you the one representing ARTC on FORG?

Mr Ormsby: The CEOs represent ARTC on FORG.

Senator STERLE: Beauty. Sorry, Mr Wankmuller. By the time it was announced, what was it then?

Mr Wankmuller: I'd like to address that broadly. Cut me off if I'm getting too far ahead. There was the question about whether it was originally \$4 billion. There was an estimate called Inland Rail for \$4 billion. I will get you the exact date. It was a completely different asset than what's being designed and built today, both in terms of the length—it was nowhere near 1,700 kilometres; it had a different start point and stop point—and very much in terms of the scope. It was very much a reduced version of Inland Rail, before any of the fieldwork had been done or the business case work had been fully completed. Is that correct, Simon? Do you remember when that was done?

Mr Ormsby: Sorry?

Mr Wankmuller: The \$4 billion estimate of the shortened version.

Mr Ormsby: That was 2008 work. It got finalised in 2010, so I think it's normally referred to as a 2010 study, but it was mostly done in 2008. It wasn't a direct comparison. It was a shorter route. It made a lot of assumptions around other investments that would be made. It didn't go all the way through to the works focused on Parkes to Bromelton. It is not a direct, valid comparison to compare that \$4 billion.

Senator STERLE: It was 2010, by the Labor government?

Mr Ormsby: Correct.

Senator STERLE: Let me put this clearly, for those who may be listening out there. I get sick of saying it. We support an inland rail—it's pretty simple—as long as it's done properly. So someone doesn't have to fizz out if

they think I'm being political, because I'm not. Back to where we were: when Mr Joyce announced it—or re-announced it, or the first works were turned—what was the spend then? What was it?

Mr Wankmuller: I might just take you through the whole progression if that's okay.

Senator STERLE: Yes. That's worth doing this.

Mr Wankmuller: You're right: there was a previous version that was a shortened version with a different scope. There was then the announcement that we were going to try to do a fuller implementation, which was all the way from Melbourne to Brisbane. The initial cost estimates on that—which, as we've talked about many times, were based on desktop data, with no real field investigation—were in the order of \$10 billion.

Senator STERLE: In 2010?

Mr Wankmuller: In 2015. Since 2015 we've been doing a lot of work on it. As you know, I was brought in in part to help define what this thing really should look like and get us through reference design and make sure that we really understood the baseline that we were getting to. We've been reporting for a number of years now that we would update it once that work has been done. We've now finished up a lot of that work. We're going into procurement. When we finish procurement and we get our planning approvals, we'll know the final cost, but it does look like it will be in excess of \$10 billion, and that's why the government has put some additional equity in that. But we won't know the actual final cost until we procure these services and we get through the planning.

Senator STERLE: Is that \$5 billion sitting there to cover that extra cost or is that on top of the 14.4 we're at now?

Mr Wankmuller: No. The 14.4 you're referring to is the government's equity contribution, and that includes any of the additional stuff we're talking about.

Senator STERLE: That includes what, sorry?

Mr Wankmuller: You don't add the \$5 billion to the 14.4.

Senator STERLE: That's separate?

Mr Campbell: The \$5 billion is a part of the 14.5.

Senator STERLE: You two are confusing me. Are you doing this purposely?

Mr Wankmuller: No. Ask me the question again.

Mr Campbell: The total equity injection has been increased to \$14.5 billion, and that includes the 5.5.

Senator STERLE: And counting, because that's not the final project; that's not the final cost.

Mr Wankmuller: The final project won't be final till it's final.

Senator STERLE: Going down that line, who's monitoring that the benefits of the business case are being realised?

Mr Wankmuller: I might defer a little bit to the department on the benefits, particularly the long-term benefits. That's more in the camp of the government's work. We're building the actual infrastructure, but, on the long-term benefits, I could defer to the department.

Mr Hallinan: The benefits of the project are something that's of great interest to the government. They were considered through the recast and rebasing that occurred last year with the additional \$5.5 billion equity injection.

Senator STERLE: How are we getting down the hill from Toowoomba? How are we doing that?

Mr Wankmuller: Coming down the hill, which is a significant hill, we come through a tunnel. Obviously, a train doesn't work well in highly elevated—you want to keep it as flat as possible, as you would well know, Senator. So we have a tunnel to help with the gradient getting down to Brisbane. When we come out of the tunnel, we're still relatively high in the air, because we started very high in the air, so we have a number of bridges that help the train and the alignment get down to grade as we get down into Brisbane. So, to answer your question, we come through a tunnel and some 50 bridges in order to get down to grade into the Brisbane area.

CHAIR: Can I just ask a follow-up question on the hill?

Senator STERLE: I might forget what I was going to ask.

CHAIR: We don't want that to happen!

Senator STERLE: Mr Wankmuller, thank you. So all that earthworks and drilling and 30 bridges—is that covered in the \$14.4 billion?

Mr Wankmuller: Yes.

Senator STERLE: And that finishes at Acacia Ridge, for \$14.4 billion?

Mr Wankmuller: Correct.

Mr Campbell: Sorry—\$14.4 billion is the equity injection from the government.

Mr Hallinan: Just to clarify—\$14.5 billion.

Senator STERLE: Are we expecting more from somewhere else?

Mr Campbell: In addition to the government's equity injection, there's a portion that is private, through the PPP section, which is the area that you were just talking about. Then there's also expected to be a contribution from ARTC.

Senator STERLE: On top of all that. So how much is the expectation from the PPP—

Mr Campbell: That's what we're not clear about yet, until we go through all of the processes.

Senator STERLE: And that PPP is coming from who? Don't give me names, but examples.

Mr Wankmuller: We have three world-class—truly world-class; I couldn't have picked three better proponents—very large companies from around the globe that are competing for it as we speak.

Senator STERLE: What about your own contribution? You said there would be some from ARTC.

Mr Campbell: Yes. That will be determined in the wash up of the total project cost.

Senator STERLE: So we don't have a clue what the—

Mr Wankmuller: We do have a clue. It's part of the commercial negotiation with the PPP as to who's going to pay what percentage and how.

Senator STERLE: Okay, but you're not allowed to tell us yet?

Mr Wankmuller: No.

Senator STERLE: You could give us a clue. How many zeros has it got?

CHAIR: I think that would be against—wouldn't it, Senator Sterle.

Senator STERLE: I'm not going to get an answer. I'll let the chair ask a question, and I'll be back in a minute.

CHAIR: I just want to understand—the train is coming down the hill, so Gowrie to Helidon, and I assume, with that sort of gradient, you're going to have to do works on the rail probably more often than you would on a flat area. Is that right?

Mr Wankmuller: When you're operating it?

CHAIR: Yes.

Mr Wankmuller: Simon would be the expert on this; it's going to be his interstate line. I don't know that you have to do more works; you might have to do a little more frequent works—

CHAIR: More frequently?

Mr Wankmuller: Yes.

CHAIR: Does Simon want to answer that, or do you want to just leave it at that? Do you want to expand on that?

Mr Wankmuller: No. If you're happy, I'll leave it there.

CHAIR: Is it a dual, two—

Mr Wankmuller: Yes. Is it—

CHAIR: No, not dual gauge—one going up and one going down, or is there one set of—

Mr Wankmuller: Senator McDonald is now an expert on dual gauge! I think what Senator McDonald is asking is whether we have two lines or not going down the hill. The answer is yes and no. The reason I say that is we have passing loops. Where we have passing loops, we have two lines so that one train can get out of the way of the other if that needs to occur.

CHAIR: Terrific. How long are the passing loops?

Mr Wankmuller: They vary a little bit, but, in general, they're about—

Mr Ormsby: Long enough to accommodate a 1.8 kilometres train.

CHAIR: We have had evidence in previous hearings about the train being up to three kilometres.

Mr Ormsby: The passing loops have been futureproofed. They're built in a location that, should there be demand in the future or requirement in the future, you could extend them to three kilometres or 3.6 kilometres. But they'll be built to deal with 1.8.

CHAIR: Terrific. That's very good. The issue that was raised with me is that they would not be long enough. Perhaps you could come forward so that Hansard can pick up your response. Would you just repeat your response about the length of passing loops for the Helidon to Gowrie section of the line?

Mr Ormsby: The passing loops will be built to accommodate a 1.8 kilometre train. They'll be futureproofed. They will built on location so they can be extended in the future if needed to accommodate a train up to 3.6 kilometres, but initially they'll be built to handle a 1.8-kilometre train.

CHAIR: Thank you very much. Those are all my questions.

Senator STERLE: Everyone has heard me going on in this building for many years, but it's finally come to fruition now, Mr Campbell. I don't know if you've heard, but it is openly available. The rail industry is bleeding. They are haemorrhaging, in their words—they might have used different words, but I'm putting it to you—because they are losing so much freight around this nation to foreign flagged vessels of convenience and foreign flagged vessels that exploit their foreign crew and exploit the temporary voyage permits. Are you aware of all that stuff going offshore? I'll give you the benefit of the doubt if you've only been in the job for a little bit. Are you aware of it? Forge know all about it because Forge are leading the charge, aren't they?

Mr Campbell: Yes. Obviously, it's our intention to try to have as much freight on rail as we possibly can. That's why we exist. But some freight operators choose to use sea and some road, and that obviously creates competition. Yes, we're absolutely aware of the competition.

Senator STERLE: It's probably unfair for me to ask you—and I'm happy if the minister wants to jump in—but there's nothing wrong with competition, as long as it is fair, and this is not fair. There is no way known that the Australian rail or road industry can compete with the exploitation of our coastal trading industry at the moment, because it is way out of whack. I know the Prime Minister doesn't want to know about it—and I'm happy for anyone to jump in—and I know the minister for infrastructure didn't want to know about it but has now said that he'd love to work with the shipping industry and the rail industry, but he's not going to change anything. What do we do when we openly have, as late as last Friday, rail companies saying to me and about 39 other people in the room, 'If this is not fixed, the Inland Rail project will be the largest line of rust in the Southern Hemisphere,' because they won't be on it. What do we do then?

Mr Campbell: I think that goes to policy. Perhaps that's—

Senator STERLE: I'm happy for you to defer. It's not about trying to trip you up. This has been around for many, many months. It's not new. If it's something I need to put to the minister, I'll say right now: it'd be a waste of time because he won't engage.

Senator Colbeck: Senator, I think [inaudible]—

Senator STERLE: Sorry, Minister? I can't hear you.

Senator Colbeck: As a government, we would like to see competitive transport infrastructure of all types operating around the country. I'm not aware, obviously, of the conversations you've been having with the minister, but it is important for the viability and the competitiveness of all users of our transport system that they have access to the most competitive transport systems available, including things like Inland Rail, which is why we're making such an effort to develop it.

Senator STERLE: Sure. Thank you, Minister. I'll come back to those at the table. You're all aware of it. You know about it. It's not something secret. I'm just finding it absolutely frustrating. It's not me starting this fight. The rail industry have said very clearly that there is an expectation. We heard earlier that there would be some form of PPP also in the hubs along the route. As SCT have very clearly said, they've been running that one at Parkes successfully. They don't hide the fact. It's all in print—the Prime Minister has it and the minister has it—that they are fearful that even their Parkes hub will be put out of work too. All that freight between Brisbane and Perth, Sydney and Perth—this is container freight—Melbourne and Perth, Adelaide and Perth, and Parkes to Kalgoorlie and Perth—are under threat. It's no secret that one of the owners of one of the businesses said that they will not be in rail in the very near future if this doesn't get fixed.

What I'm trying to say is we want an inland rail; we want it done properly. This is not being done properly. We don't want to see \$20 billion or \$30 billion of Australian taxpayers' and other peoples' money being spent when who's going to be on it?—let alone what the Australian farmers are going to think, because they're expecting to have access to northern markets at a cheaper rate than what can be done by road. I know you can't answer. I'm just trying to say: will somebody please shake the minister out of his slumber. This is a real, live issue.

CHAIR: Senator Sterle, are you referring to the Robert Gottlieb article—

Senator STERLE: I knew he was interested, but I have not read his article. I'd say that this is probably what it was, from last Friday?

CHAIR: It was 18 March. He wrote he a very detailed article on the competition for container freight in Australia. He names China as being behind the change to the market dynamics. You've read it obviously.

Mr Campbell: Yes.

CHAIR: Do you have a view on that?

Mr Campbell: Not really. I mean I think we—

Senator Colbeck: It's not appropriate for officials to offer an opinion.

CHAIR: Thank you very much, Minister. I will hand back to Senator Sterle.

Senator STERLE: I've got a couple of other things. Some people came and saw me—I didn't know them from a bar of soap, so it's not a plant. They are manufacturers, they employ Australians, and they make bolts. I'm not talking about six-inch bolts for the rail; I'm talking about six-metre bolts. They explained it to me, and it was a whole new world for me. They were talking about the Narrabri to North Star line—do you know who I'm talking about?

Mr Wankmuller: I don't know who you're talking about—

Senator STERLE: But you know of it?

Mr Wankmuller: Yes.

Senator STERLE: I believe that they were working on this for months to get it all done—Australian steel—all to Australian standards. I'm told that the standards are the Transport for NSW *QA Specifications B240: Steel Fasteners*. Does that help?

Mr Wankmuller: That's pretty good.

Senator STERLE: They'd done all the work and were ready to go—they were getting ready to tick off—and they were approached by the contractor, John Holland, who told them, 'Match the Chinese, or you don't get the work.'

Mr Wankmuller, I know how proud ARTC have been running on this project. We've had the shires falling over themselves. They've got the work starting to go. I'm not going to set you up for a fall. Do you know anything about John Holland going to the Australian company to tell them to compete with the Chinese on their prices? They're saying that they can't guarantee—this is the fabricators—that the Chinese are meeting the Australian standard. For the stainless steel fasteners:

Unless shown otherwise on the Drawings, stainless steel fasteners must be of austenitic AISI 316L to ASTM A240M—

Why don't I just table it? You know what I'm talking about.

Mr Wankmuller: You're referring to standards.

Senator STERLE: The Australian standard.

Mr Wankmuller: Yes.

Senator STERLE: What the Aussies have said very clearly is that there's no way that they can compete with the Chinese. It's an Australian nation-building project. We're outsourcing it to China, where we don't know that the standards will be the same. Before the anti-China rhetoric starts, I come from WA—

Mr Wankmuller: Quality control is obviously very important to us. I was not aware of this issue. Thank you for making us aware of the issue. We'll look into it. I'm sorry that we weren't previously aware of it.

Senator STERLE: That came to me last week. The paperwork just rolled up. I've got it all here. I will table it for the committee and for you to be able to see it as well. I look forward to your response. I don't have the written information here, but they were going to do the first one and then they would have been set up for the other 10.

Mr Wankmuller: Which is exactly the kind of behaviour we want to see.

Senator STERLE: Yes. They were so rapt, because it was an Australian company getting the work from Australian taxpayers. We might have to get John Holland into the committee and ask him. But I'll let you do your fine work, Mr Wankmuller. Thank you for that.

I've got some information now, so I want to go back, if I may, to the landowners who'd written to me. I've got it clear now. What was happening—the HTW were contracted to Country Women's Association and New South Wales Farmers. I'm seeing heads nodding. They were contracted to independent evaluations. Is that correct?

Mr Wankmuller: Yes.

Ms Pickering: I understand they were contracted to them to run information sessions in the community about land acquisition processes.

Senator STERLE: Right. I don't know the timing for that, but what's fired them all up, over however long it was—they were running around talking to farmers and all that, and this was before they were subcontracted to or contracted to ARTC. So the New South Wales Farmers and the Country Women's Association are going off their trolley because they believed they were working for them and now they're engaged by ARTC. Are you aware of that? You are aware of that, sorry. I didn't mean to set you up.

Ms Pickering: I'll have to take that, specifically, on notice, in terms of whether there are separate contracts. I need to get the specifics of the question.

Senator STERLE: Sure. I know the farmers will be listening. There are a couple in the room who've got connections to farmers. They feel like they've really been done over. On the surface, it does look a little bit ratty, doesn't it? You don't have to comment. If you can find out some more information for us, I'll be happy to provide what I've got here too.

Senator RICE: I've got some questions about Inland Rail. I'm sorry I wasn't here earlier, so if these questions have been asked please let me know. They're about the extra equity injection of \$5.5 billion that was put into Inland Rail in December last year and where that now makes the benefit-cost ratio. The original business case, conducted by Infrastructure Australia, indicated the project would have a benefit-cost ratio of 1.1 to one, based on the original cost of \$1.9 billion. Now it's going to cost an additional \$5.5 billion. Has there been a reassessment done of the benefit-cost ratio for Inland Rail?

Mr Hallinan: I'll have to take that on notice. I think the 1.1 to one is built off a discount rate of seven per cent. The IA assessment looked at it at both seven and four per cent. I think at four per cent it comes out somewhat higher, closer to two to one. I'll take on notice exactly what the BCR might be, now that we've had the cost reset as well, and provide the cost range of BCR, if we can.

Senator RICE: So you haven't got to hand, to your knowledge—you've already looked at BCR. Indeed, then, my question is: does the project still deliver a benefit to taxpayers, at least that economic benefit? Do you know whether there's an intent to reassess the business case overall, given that extra \$5.5 billion cost?

Mr Hallinan: I think, as part of the cost reset, there was an assessment done of the benefits attached to it. What I'll do is take on notice what I can give you out of that assessment process and what that looks like in the new BCR sense.

Senator RICE: Okay. I want to move on to ARTC's work, first of all, of infrastructure upgrades overall in north-east Victoria. I've had communities in Benalla, Wangaratta, Glenrowan and Euroa raised some concerns that the ARTC is refusing to disclose the budget to undertake infrastructure upgrades in these areas. How much has been allocated for infrastructure upgrades in each of those areas?

Mr Campbell: We're still working through the process, within the different communities, of working through what the solutions are. I was there myself a few weeks ago. I met with mayors and various councillors, residents, members of the working group, and we are confident, at this stage, that we are continuing to work towards coming up with solutions. We're trying to work towards getting the best solution for the various stakeholders and the community. At this point in time it feels like we've got the right amount in the budget for Wangaratta, for Glenrowan, for Euroa. The different options available, it's not really a matter of cost. Probably the most significant difference for us at the moment would be at Benalla. That's because the basic solution for Benalla that's been worked on was replacing the bridge, raising it up. In fact, the Benalla community would like a broader precinct solution. So we're continuing to go through the process with the community there to understand exactly what the different solutions are, and then we'll obviously do some costings and decide what's the best outcome.

Senator RICE: What's the ballpark difference in cost between that broader solution in Benalla and the basic bridge?

Mr Campbell: We're still trying to finalise exactly what the alternate solution is. We're probably maybe a few months away from that, with ongoing work with the community. Once we've done that, then we'll look at the different costings.

Senator RICE: Will you be sharing that cost allocation with the community once you've made a decision on them all?

Mr Campbell: I don't see why we wouldn't explain that.

Senator RICE: What's your timing that you're working on for making that decision?

Mr Campbell: I think we're in several months. For a change to the specification like that, it's not just an ARTC decision. We would have to talk to the government about that and the other stakeholders—the council and everybody else. So it's quite an involved discussion. It's not weeks. It's probably four to six months, something like that, before we'll get a finalised position.

Senator RICE: What's the total cost envelope that you're looking at for the upgrades, within a range, depending on which options you're looking at?

Mr Campbell: We haven't finalised all of that yet, but I will take that on notice and try and give you some additional information.

Senator RICE: Are those extra costs coming out of the extra \$5.5 billion equity injection? Or are they incorporated into the original \$9.9 billion?

Mr Campbell: If you take the case of Wangaratta, Euroa and Glenrowan and what we expect to be the final solution, those costs would be covered in what we call the reset numbers. The broader precinct at Benalla would be an additional cost. If we were to do it that way versus what's currently been the thinking for many years now, if that were chosen, we would have to think through how that might be funded.

Senator RICE: Will you be sharing with the community? Indeed, can you take it on notice to share it with me as soon as you make that decision? What are the articulated costs to say that broader precinct, compared with the other options, before you make a decision?

Mr Campbell: We could provide a briefing. I think we would be transparent about making that decision.

Senator RICE: I want to go to some of the other analysis about the economic opportunities of Inland Rail. There was the EY report in March 2020 that identified the project as having the potential to generate 16,700 job years in the first 10 years and boost gross regional product by \$13.3 billion. In Victoria, the key benefits are identified as timber/paper manufacturing, the opportunity to establish a new manufacturing facility along the alignment, Defence manufacturing, food processing. Can you tell me what industry consultation was undertaken to identify these opportunities?

Mr Hallinan: We'll have to take that on notice.

Senator RICE: And whether information from whatever consultation with industry was done can be made public?

Mr Hallinan: We'll take that on notice.

Senator RICE: Also, what analysis was either undertaken either by EY or the department to identify that, if we enabled access to double-stacked trains then, for example, a new timber-processing facility would open up where there's already a timber-processing facility. Would it be likely to be an expansion of an existing timber-processing facility in Benalla or Wangaratta, where they're already struggling?

Mr Hallinan: That would have been information provided into the business case assessment, but we'll take it on notice.

Senator RICE: Also, I would like to request the modelling that was undertaken by EY to identify the jobs and output potential of Inland Rail in each region. I'm presuming you'll have to take that on notice too. I now want to go on to the north-east rail. Apparently in the last couple of days there have been announcements that north-east rail is complete?

Mr Campbell: The north-east rail line upgrade is complete, yes. Sorry, it's complete except for some residual signalling improvements that couldn't be finalised as a result of shortage of skills because of COVID. So it just dropped behind, but the main track work is all complete.

Senator RICE: When are the signalling upgrades? That's going to be critical for maximising—are the signalling upgrades important for maximising or increasing the number of services?

Mr Campbell: No. They're just part of a residual upgrade. So the actual track itself is operating as envisaged by the upgrade.

Senator RICE: So are passengers now definitively enjoying the benefits of a more reliable, faster and safer trip, which was what was said the upgrade was going to deliver?

Mr Campbell: I was there a few weeks ago. We haven't done any specific survey, nor have we had any official feedback from the Victorian government. Anecdotally, apparently, the drivers and the passengers are noticing a significant difference. Anecdotally, services are running up around the 90 per cent. That's anecdotal, but significant improvements to service frequency and ride quality.

Senator RICE: How many minutes faster is a trip now from Southern Cross to Wodonga?

Mr Campbell: Sorry, I don't have that. We'd have to take that one on notice.

Senator RICE: Could you take on notice, also, the statistics for how much more reliable the services are going to be along the line. What's the analysis that you're going to do to determine whether, in fact, the project has achieved its aims?

Mr Campbell: Our part of the project was to replace lots of bridges and culverts and ballast and do a whole lot of work to the track to give it a smoother ride. What we were aiming for was to have a ride equivalent to what's termed a Victorian class 2.

Senator RICE: Yes, I've been following this for a number of years.

Mr Campbell: Great. Our analysis says we've done that; in fact we've exceeded that. In terms of things like ride quality and service, there's also obviously the rail service itself, which we aren't part of. At the moment the track has been upgraded to a quality that's better than a Victorian class 2. Obviously the job now is to maintain that going forward.

Senator RICE: Exactly. That was my next question—what additional funding the ARTC is going to expend or whether there is additional funding that has been allocated to the ARTC to maintain the line in its new, higher standard.

Mr Campbell: We've been negotiating, discussing, for some time now with the Victorian government about the ongoing additional maintenance costs. We are advanced in those discussions and we would expect to reach agreement over the next few months. We're targeting to have an agreement in place that will allow for that extra maintenance to be done and the funding arrangements sorted out, we're targeting end of June.

Senator RICE: You've previously indicated that it's about an extra \$5 million a year that's going to be required to maintain it at the new standard?

Mr Campbell: Yes, I think it's of that order.

Senator RICE: Has the federal government committed that it will fund the ARTC to spend that extra \$5 million a year to maintain the track at its higher standard?

Mr Campbell: Those discussions are between ARTC and the Victorian government. The current legislation, or the lease agreements that we have with Victoria, require ARTC to maintain the track to, effectively, a freight standard. We've now improved it with federal funding to be a class 2 standard. So we've got to negotiate, discuss and come to an agreement with the Victorian government about the financial arrangements for that extra maintenance.

Senator RICE: So are you expecting to get that extra \$5 million a year from the Victorian government, then, rather than the federal government?

Mr Campbell: ARTC's negotiating with the Victorian government in order to—

Senator RICE: So there's no extra federal government funding being provided?

Mr Campbell: That has not been part of the discussions. It's about us discussing with the Victorian government.

Senator RICE: And you're hopeful of concluding those negotiations?

Mr Campbell: We are.

Senator RICE: And the Victorian government will commit to that, so they'll be providing you with that extra funding?

Mr Campbell: We're hopeful of that, yes.

Senator RICE: And you expect to finalise those negotiations, you say, in June?

Mr Campbell: In the next few months, but our working assumption with the Victorian government Department of Transport is that both of us would like to get it resolved by the end of June.

Senator RICE: Thank you.

Senator CHISHOLM: In relation to the additional \$5.5 billion that was injected in December, I asked these questions of the department, but for thoroughness I thought I'd put them to you as well. Are we able to get a breakdown of which sections that additional money will be spent on?

Mr Campbell: Richard, would you like to comment?

Senator CHISHOLM: I'm happy for it to be on notice.

Mr Wankmuller: Yes, I think they took it on notice earlier today, so I'd have to defer to them. We would obviously contribute to that.

Senator CHISHOLM: So they would just come to you and ask you for it?

Mr Wankmuller: Yes, we would talk to them about that.

Senator CHISHOLM: Okay. In terms of the proposed PPP for Gowrie down the range, obviously there'd have to be a rate of return for the private sector to go forth with that project. Would they put models to you in terms of how that would work or, in the process that you go through, are there models that you would have in mind that you'd put to them for how it would work?

Mr Wankmuller: We have a model that looks at the private sector funding that's required for that section, which should be partly private sector funded, and we're going through that commercial discussion as we speak.

Senator CHISHOLM: As part of that discussion, I think you said there were three proponents that you were talking to.

Mr Wankmuller: Correct. There are three consortiums. Each consortium's made up of quite a number of—

Senator CHISHOLM: Sure. So you put a model to the three consortiums that you're talking to for them to adopt and factor into their bid process? Is that how it would work?

Mr Wankmuller: Correct, yes.

Senator CHISHOLM: Therefore, is the cost to the user already factored into your modelling on costs, or would it be an additional cost that would be borne by the—

Mr Wankmuller: The cost to the user is a slightly separate issue in terms of how ARTC sets its rate, so I might ask the CEO of ARTC to comment on that.

Mr Campbell: If it gets more complicated, I might ask Simon to interject too. We have an agreement, under the jurisdiction of the ACCC, for the pricing that we charge people who use the rail network on the interstate network. We have two: one in the Hunter Valley and one on the interstate network. When the whole length of Inland Rail is finished, we need to work with the ACCC to understand how we are going to factor the Inland Rail's entire length into our access undertaking and therefore what—

Senator CHISHOLM: Wouldn't it be the entire cost rather than the entire length?

Mr Campbell: We're yet to have those discussions with the ACCC. Fundamentally, we need to, ideally, reach a position on pricing that encourages people to use Inland Rail. So we need to have a balance between obtaining a certain level of pricing that we'd be satisfied with and what the rail operators will be able to afford to pay so that they use it. That work has not really begun yet with the ACCC. The chairman of the ARTC, Warren Truss, and I spoke with the ACCC a few weeks ago, and we raised that as something we needed to start to have discussions about.

Senator CHISHOLM: So how can you agree to give a rate of return to someone who's going to inject private equity into a PPP when you don't know that end conclusion?

Mr Campbell: There, I guess, we as ARTC take the risk on pricing and volume of traffic. What they're doing is bringing—Richard, you might want to add to this—technical expertise and an element of funding, for which the mechanism will be that we will pay them annually an amount that satisfies their funding. Am I explaining that right?

Mr Wankmuller: Yes. We're going to pay an access fee to the PPP provider that we've negotiated with them. What ARTC charges on to the customers is going to be subject to that.

Mr Campbell: So they're not connected in that way.

Senator CHISHOLM: This is the way you can get someone to invest—because you're going to guarantee them a rate of return on their investment?

Mr Campbell: The different proponents will bid, and then we will judge a whole myriad of things about their technical capability, their delivery—yes, we will judge that.

Mr Wankmuller: Can I just add one thing; I think it's important. We're not guaranteeing a rate of return. We're guaranteeing an access fee. They're taking a lot of risk that ultimately defines what their return on investment is. It's one of the reasons we chose a PPP and global, very large companies that can take that level of risk.

Senator CHISHOLM: Yes, but they've got a different risk from what the government do with their equity investment, because the equity investment from the government is relying on people using the—

Mr Wankmuller: You'd have to ask them what their tolerance is.

Senator CHISHOLM: No, I'm not asking you. I'm just saying it's a different risk, though.

Mr Wankmuller: Sorry?

Senator CHISHOLM: The government risk is different from what private enterprise would be taking on.

Mr Wankmuller: It can be. That's part of the negotiation in terms of what risk you give to somebody and which you don't.

Senator CHISHOLM: Yes. In terms of the Acacia Ridge to Port of Brisbane link, are you proposing a similar process—that you're going to go down that route, as opposed to Gowrie, down the range?

Mr Wankmuller: Sorry, the first part—Acacia Ridge to?

Senator CHISHOLM: Port of Brisbane.

Mr Wankmuller: Acacia Ridge to Port of Brisbane is an existing line. That's a dual-gauge line, like Senator McDonald was talking about earlier, that's used every day today. In Queensland, there's dual gauge, two different types of gauges—a narrow gauge, call it the maroon gauge, which is narrow; and a wider gauge, call it the blue gauge, which is wider, for trains which come from outside the state. That existing line's already there, and they already go to the port on that line. That's the line that'll be used in the future.

Senator CHISHOLM: Okay.

Mr Campbell: So Acacia Ridge to the Port of Brisbane is outside of the remit of the current Inland Rail scope. The rail line finishes at Acacia Ridge.

Senator CHISHOLM: A government MP, Ross Vasta, was in the media, a matter of months ago now, talking about a tunnel from Acacia Ridge to the Port of Brisbane. Is that anything that you've had any involvement with?

Mr Wankmuller: That's a matter, really, for the department, as it's a business case that's being done between the federal government and the state government. That's well progressed. Maybe the government could comment on that.

Mr Hallinan: We have a business case in the field at the moment, looking at potential options for port connections between Acacia Ridge and other locations, and the Port of Brisbane. But they're not associated with the Inland Rail project itself. It's a separate infrastructure project in partnership with the Queensland government.

Senator CHISHOLM: Yes. And where exactly is that process at, at the moment?

Mr Hallinan: It's still, I think, finalising business cases.

Senator CHISHOLM: Okay. One of the proponents of that, who was in the media on the weekend, is National Trunk Rail. Have you had any meetings with National Trunk Rail, who is one of the proponents?

Mr Hallinan: I don't think I have personally, but I'll take on notice any meetings in the department.

Senator CHISHOLM: Okay.

Mr Campbell: I haven't.

Senator CHISHOLM: When they appeared before this committee in January as part of our inquiry, they said the only way that they could see that project being viable was if the link was from Ebenezer to the Port of Brisbane, and I presume that was based on their financial model about a rate of return. Has anyone at Inland Rail had any conversations with National Trunk Rail about that?

Mr Wankmuller: No, that's beyond our scope. That'd be a future project.

Senator CHISHOLM: But they're saying that for them to be interested in investing in Acacia Ridge to the port, they'd want to be involved from Ebenezer. So there is a link to Inland Rail in that regard.

Mr Wankmuller: Okay.

Senator CHISHOLM: But nothing has come across—

Mr Wankmuller: I haven't, personally.

Mr Hallinan: I have met with National Trunk Rail. I met them under different names, I think. I've certainly spoken with them about what they may be able to propose, but there is no proposal provided to government from them at this stage. I think that's a piece of work that we'd want to consider separate from the Inland Rail project in and of itself, even though they do talk about a port connection from Ebenezer.

Mr Ormsby: I should add that National Trunk Rail is fairly well known to ARTC. We've had a long history in relation to that project. But the specific Ebenezer to port is not something that's been presented to us.

Senator CHISHOLM: Sure, thanks. Finally, on the border to Gowrie EIS, I know that's with the Queensland Coordinator-General. The date that was given for people to lodge an interest in that was 19 April 2021. Was that dictated by the EIS that was submitted from Inland Rail, or was that something that had come up through the process from the Queensland government?

Mr Wankmuller: It came from the Coordinator-General. It's their purview to decide how long the public exhibition period is.

CHAIR: So you submit the figure, and then they determine the time frame?

Mr Wankmuller: Yes. In this case, the normal time frame would have been much shorter. For whatever reason known to them, they decided to extend that period.

Senator PATRICK: I have a few questions in relation to your steel policy in the selection of track. This obviously goes to concerns running in Whyalla—actually, they've been long-running concerns. I'm wondering what the policy is in relation to the purchase of steel for rail.

Mr Campbell: I'm not sure ARTC has a policy as such. We run a procurement process. All things being equal, I guess our preference would be to use Australian steel. For many years now, we've used Whyalla steel and purchased Whyalla steel. We have stock on hand for N2NS, the next Inland Rail project, from Whyalla steel. We're in negotiations with Liberty to enter into a contract for a reasonable period of time to cover the next few years of steel requirements for Inland Rail and also for the broader ARTC network. We haven't actually signed that contract yet, but it's very advanced. We would ordinarily have been expecting to agree the final terms on that quite soon.

Senator PATRICK: I presume in your policy on procurement that you'll look at past performance. You've been working with Liberty for some time now, and that would factor into your consideration for future purchases. Are you bound by the Commonwealth Procurement Rules or is there some other procurement policy which you assess procurements on?

Mr Campbell: That's a good question. I'd have to take that on—Simon, do you know the answer to that?

Mr Ormsby: I don't believe we are.

Mr Campbell: I don't believe we are, but we would take that on notice and come back to you on that.

Senator PATRICK: The Commonwealth Procurement Rules, for example, have clauses like clause 4.7, which requires you to consider the economic benefit of a purchase. Basically, it distinguishes price and value. Value can include the number of jobs created, the supply chain effects, the capital investment here in Australia. If you're not subject to the rules, maybe you're in a better position to simply purchase steel, provided that you are finding that it represents a good price—

Mr Campbell: Value for money, yes.

Senator PATRICK: and value for money, close logistics and so forth. In relation to that contract, has that got any particular project in mind? Where I'm coming from—and I talked to industry about this before—is if we find ourselves in a situation where GFG go into administration. I don't know what you've considered in the context of your contingencies in relation to that and also responses to that sort of event where the government might try to make sure that there's value from an auditable perspective—as, I think, we did for the rail track to Tarcoola. I'm just trying to explore that space. Are you looking at contingencies in relation to what's happening in Whyalla at the moment?

Mr Campbell: Yes, we've been giving that considerable thought over the last few weeks from an ARTC perspective, with particular interest for Inland Rail. We're hoping, like everybody, that the worst doesn't happen and we can continue to source the good-quality steel that we've been used to—

Senator PATRICK: Hope for the best, plan for the worst?

Mr Campbell: Yes. We do have some contacts and relationships with people overseas. Other network operators in Australia buy steel from overseas, so obviously it is available, but it wouldn't be our preference. Our preference would be to continue to use Whyalla.

Senator PATRICK: So this contract that you're about to sign—and obviously I'm not giving any secrets away, in that GFG will know about it and you know about it as you're the two parties to the negotiations—will be a supply contract for any section of rail but over a long period of time—or is it specific rail steel for specific projects? I don't know whether there are different standards.

Mr Campbell: I'll get the exact time frame, but it's many years. It's something like three plus three. I'll come back to you on the exact time frame, but it's basically for a number of years worth of rail supply for Inland Rail and then for the broader ARTC. I might be able to find it in my notes.

Senator PATRICK: So Inland Rail uses the same steel as, for example, the Tarcoola section of rail?

Mr Campbell: Yes.

Senator PATRICK: It's identical? You can have, like, a sausage machine—a rail line is a bit like a sausage machine—

Mr Campbell: I might ask Simon. When is the last time we didn't buy Whyalla steel?

Mr Ormsby: I may be corrected, but I think that in ARTC's 23-year history we've only ever bought rail from Whyalla.

Senator PATRICK: You'll get a gold star for that. That's good news.

Mr Ormsby: There are slight variants. In the Hunter Valley, they use a slightly different form of rail; it's called a head-hardened rail. But other than that it's broadly the same.

Senator PATRICK: That's because of the weight of the coal?

Mr Ormsby: Yes, it's stronger. There are heavier axle loads.

Senator PATRICK: Does that contract have the ability to load up Whyalla in particular circumstances, or is it simply a constant output rate for the steelworks?

Mr Campbell: As I understand it currently, it's based on what our current protections are, with a degree of conservatism built in because what we can't have is delays to the Inland Rail project.

Senator PATRICK: Sure.

Mr Campbell: We have to have a significant amount of stock on hand so that we're able to supply the steel to the contractors.

Mr Wankmuller: Yes, plan for the worst. What we've done is exactly that: we've looked ahead and we've prepurchased steel. We can actually stockpile and store steel so that it's there when it's needed. So we have a bit of headroom right now to work our way through this, and in the future I'm sure ARTC will consider a similar practice: that, if we can get ahead a little bit, it's in our best interests because of some of these issues.

Senator PATRICK: Can you tell me the approximate value of those contracts, or perhaps past contracts in terms of steel? Are they commercial in confidence or anything like that?

Mr Campbell: They probably are, but we're talking about several hundred million dollars over a period of time. I'll take it on notice and figure out exactly what we can share with you.

Mr Ormsby: I can probably give a range.

Mr Wankmuller: We have \$51 million in steel right now. We'll take it on notice and get you exact numbers.

Senator PATRICK: Alright. I'm very pleased to hear you're using Whyalla steel. That's excellent.

CHAIR: Thanks, Senator Patrick. Senator Sterle.

Senator STERLE: Mr Campbell, help me out here if you can, please. I've got the ARTC remuneration figures from your 2019-20 annual report. This was under former CEO Mr Fullerton. Am I reading this right? The remuneration in 2019 was \$1,098,615, and in 2020 it was \$1,102,120. Does that sound right?

Mr Campbell: That's correct. That's in the annual report, yes.

Senator STERLE: I don't begrudge anyone earning a quid. You might not be acting for much longer, mate; I might be muscling in. But at the same time I see the level pay points for the departments. This is as at 1 July. You might not know this, but the Prime Minister and Cabinet is only—'only'; what planet am I on?—\$914,460, Treasury is \$892,290, Defence, Foreign Affairs and Trade is \$864,000—and it goes on. Why is an agency a lot different than a department?

Mr Campbell: The salary of John, as CEO of ARTC, is set by the tribunal—or the band is set by the tribunal and the board of ARTC has some leeway around where to position that salary within the band. So it's governed by the tribunal. I don't know whether the department want to make any other comment. It's not a salary that's dreamt up by somebody at ARTC; it's part of the—

Senator STERLE: I understand that. But you're not a profit-making business, are you? Does ARTC have an earning arm or an investment arm or anything? Do you attract an income?

Mr Campbell: Yes. The revenue from the rail produced—I think I've got the number from last year here—\$761 million in 2019-20.

Senator STERLE: Where did that come from?

Mr Campbell: That comes from the people who use the track. They pay an amount to be on the track and then they pay an amount based on how far they travel and how heavy they are.

Senator STERLE: Okay. Is there an incentive or a KPI linked from the number collected by ARTC through to remuneration? Is it limited to just the CEO or anyone's wages in ARTC?

Mr Campbell: The CEO—John at the time and now me—has a range of KPIs. I don't believe pure revenue was a KPI. There are some financial KPIs around operating profit—so, obviously, the difference between revenue and cost. So we have financial KPIs, which the revenue forms a part of.

Senator STERLE: Is that all the track around Australia that is owned by ARTC, or is some owned by someone else?

Mr Campbell: Unless I'm missing something, that would be the revenue that we receive from people using the track that we manage. We do own other track, which is leased out to other people—from Tarcoola to Alice Springs, for example—but we don't maintain it. It's leased out. They get the revenue.

Senator STERLE: It would be interesting—not now but for a break-up—to see how it all works, because it does go back to what I believe is a serious problem. If we have the rail industry saying, 'We're not going to be on the inland rail unless the foreign shipping disaster is addressed, fixed, changed'—however that's done—it compounds the problem. I know you're not the current CEO but the acting CEO. Are you on the same wage?

Mr Campbell: Sorry, I am the current CEO.

Senator STERLE: I'm sorry; of course you are. I'm still on bloody airspace. What are they called? CASA. Is that the same for you, Mr Campbell?

Mr Campbell: I believe I'm on slightly less than John was on, actually. It's in the ballpark but slightly less. We can give you those numbers.

Senator STERLE: It's not a secret? Okay. That's interesting. So why is it higher than for departmental secretaries? I know it's set by the AAT.

Mr Hallinan: The band, I think, is set through the Remuneration Tribunal, and then the board makes a judgement about the individual salary and incentive arrangements in place. I'm not sure which portfolio this is and who this is a question for—

Senator Colbeck: Probably finance.

Mr Hallinan: I think the Remuneration Tribunal set those bands against benchmarks within industry. So it's relative to what you'd pay in the private sector for an equivalent role. That's my understanding, but I'd confirm that through the right portfolio.

Senator O'NEILL: With regard to the expected increase in the number of trains that will use the Inland Rail once this project comes to fruition, what's the volume of increase in traffic that you're expecting or preparing for?

Mr Campbell: I might ask Simon Ormsby, who was integrally involved in the business case, to make comments on it.

Senator O'NEILL: Thank you. I'm assuming there are going to be more trains! Otherwise, there wouldn't be much point in putting it out there! I'm just trying to get a sense of the scale.

Mr Ormsby: Perhaps the easiest way to compare it is this. In the Melbourne to Brisbane market, we'd say that we would have about 20 to 25 per cent of the volume on rail today, and the business case projects that share of volume to go to about 65 per cent. That doesn't—

Senator O'NEILL: Can you give me some broad numbers of how many trains go past the door now and how many are going to go through when that volume is applied?

Mr Ormsby: With business case numbers, for the inter-capital trains, Melbourne and Brisbane, they would peak at, based on the modelling, 34, 35—it peaks at about 51 trains per week.

Mr Wankmuller: Depending on where you are on the network.

Senator O'NEILL: So it's 34 to 45, up to 51—

Mr Ormsby: In [inaudible] 51 trains per week. That's the peak number.

Mr Campbell: You quoted a year then—

Senator O'NEILL: In what year?

Mr Ormsby: In 2034-35.

Senator O'NEILL: Considering that wages and salaries are linked to improved profitability, I'm assuming you're going to want to grow that. What's the peak capacity that you're expecting to get to, and at what date?

Mr Ormsby: That is the peak.

Senator O'NEILL: That's the peak? That's as much as it can bear?

Mr Ormsby: No, that's inter-capital. There are grain trains—grain services. And, as Richard said, not all the trains will travel the whole length of the corridor. You will see more trains in certain sections. Grain would peak at about 19 per week. This is all the business case modelling. Coal services would peak at 87 per week, and then there are other various trains, regional import-export trains. They get to about 22 per week.

Senator O'NEILL: Do you have a heat map of where the most activity is likely to happen?

Mr Ormsby: We could come back to you.

Senator O'NEILL: If you could give me a sense of what's going on and where—something for a normal Australian who doesn't pay a whole lot of attention, but is trying to get a sense of how many trains will be on this thing. What's current usage of the network? I know that you're using large chunks of the current network, and you're adding in additional sections. How many, roughly, by comparison—51, 70, 100—

Mr Ormsby: What if we take that on notice, because it's not a simple question. So, with something like coal, while it's a big number of trains, there might actually be more today, because they're smaller trains. We can take that on notice and come back to you.

Senator O'NEILL: With the size of the trains that are using the Inland Rail, I'm advised they could be up to 3.6 kilometres long. Is that correct?

Mr Ormsby: Initially they'll be 1.8 kilometres. Then Inland Rail will be futureproofed to allow it to grow to 3.6, if demand—

Senator O'NEILL: So 1.8 kilometres at what year?

Mr Ormsby: From the beginning.

Senator O'NEILL: Which is?

Mr Wankmuller: 2027.

Senator O'NEILL: And what year do you expect to get to 3.6 kilometres?

Mr Wankmuller: We're not sure we will; we're just futureproofing in case it's needed, but we don't believe it will be need until at least after 2040. Correct?

Mr Ormsby: Yes, about—

Senator O'NEILL: I'm glad you're using steel and not copper!

Mr Campbell: That's also a function of whether the rail operators want to continue to operate longer and longer trains.

Senator O'NEILL: But there is room for this increase? Basically, the basic business case is 1.8 kilometres at least, and then it would go up?

Mr Wankmuller: It would have to be good reason. What we're doing is we're not preventing it; we're not necessarily building the infrastructure for it now. There would have to be good reason, because we would build it in the future.

Senator O'NEILL: Okay.

Mr Ormsby: For trains to work efficiently, they don't just edge up; they move up in big chunks. You might have, for example, two locomotives to manage a 1.8-kilometre train. The logical thing, then, would be to add 900 metres and a third locomotive to the train. They'll go up in quite big increments, but we would need to do a lot of work on infrastructure to enable that.

Senator O'NEILL: That helps me to understand it much better. Thank you. In terms of the impact on residential homes along the Inland Rail, surely that will increase with the size and the growth strategy that you've just outlined. What's to be done about noise abatement?

Mr Wankmuller: Everybody's looking at me. On noise abatement, we have to meet—

Senator O'NEILL: You're the silencer, Mr Wankmuller.

Mr Wankmuller: Right, exactly. We have to meet—and will meet, obviously—all of the regulations on noise. There are definitive noise criteria in each state, and we make sure we meet that state's criteria.

Senator O'NEILL: It varies from state to state?

Mr Wankmuller: It does vary slightly from state to state

Senator O'NEILL: Who has the highest standards in terms of noise abatement?

Mr Wankmuller: I think it's New South Wales.

Senator O'NEILL: And then?

Mr Wankmuller: And then I think it's a toss-up between Queensland and Victoria. I'm not really sure.

Senator O'NEILL: What's the budget for noise abatement?

Mr Wankmuller: Good question. I'd have to come back to you with the specifics, because that's a subcomponent of everything. I don't have that number.

Mr Campbell: It's also still in motion, because the environmental impact assessments haven't yet all been determined. As part of the process of those being reviewed and approved, one of the important things they'll be looking at will be exactly that—noise abatement. It's a big part of the environmental impact assessments.

Senator O'NEILL: That leaves me with two final questions. Is there a budget for noise abatement in the Inland Rail project as it stands? Is there an item—

Mr Wankmuller: There would be within each project as we envision it today.

Senator O'NEILL: If you could provide to me, on notice, what you've got for the different projects in disaggregated form and then also in toto for New South Wales, Victoria and Queensland, that would be really good. Finally, does the Inland Rail project currently have the details of any of the noise abatement for the immediate program going forward?

Mr Wankmuller: What do you mean by 'details'?

Senator O'NEILL: Have you got sufficient cost analysis at any point for—

Mr Wankmuller: What we do is we do field surveys. We do a baseline and say, 'Here's the ambient noise level.' Then we say: 'Okay, what is the likely change going to be if it is going to change when trains come through? Then, therefore, what suppression is required?' That's what sets your budget for remedies.

Mr Campbell: As part of the EIS process, we'll be effectively given that information back as part of the assessment. We've proposed what we think is necessary in order to meet the criteria. That'll be assessed—

Senator O'NEILL: And you've already undertaken that?

Mr Wankmuller: Yes.

Mr Campbell: The assessments are underway now, as the EISs are being done. But our assumption at the moment is that we have enough funds in the budget to cover what we think the outcome will be.

Senator O'NEILL: Have you got a general idea of the amount?

Mr Wankmuller: No, I don't.

Mr Campbell: I don't think we've got a specific—

Senator O'NEILL: Finally, based on what you said about ambient noise: does ambient noise meet the current standards everywhere, or is that the baseline you are assuming, where it's already in breach of EIS regulations?

Mr Wankmuller: In the operating brownfield areas, there will have to be regulations applied to what's being operated. In the greenfield areas, where there's nothing, there are no regulations applied. I'm not 100 per cent sure how to answer the question, sorry.

Senator O'NEILL: It sounds as though there are two different contexts. My first one is that we can have many regulations. I'm a teacher. You can have a program, but the gap between the program and the delivery can be big.

Mr Wankmuller: Yes.

Senator O'NEILL: So is ambient noise the baseline or is the standard that's required the baseline?

Mr Wankmuller: No. There is a decibel level that you have to meet, in the state standards. If what you do—in this case, our freight line—goes above that decibel level, we'll have to put some suppression in. There are various ways to suppress noise at the person's home, or wherever it is. There may be noise walls; they could be working to help soundproof their homes or their property. There are various ways to do it, depending on where you are.

Senator O'NEILL: And is that cost your cost?

Mr Wankmuller: It's our cost.

Senator O'NEILL: It will not be transferred to any local councils or state governments?

Mr Wankmuller: No.

Senator O'NEILL: Or any private partners?

Mr Wankmuller: No.

Senator O'NEILL: So the responsibility for soundproofing is entirely with the ARTC?

Mr Wankmuller: Correct. Yes.

Senator O'NEILL: It's within your remit?

Mr Wankmuller: Yes. It's in our remit.

Senator O'NEILL: Thank you, Senator O'Neill. I think we are finished—

Mr Campbell: I think we should just come back to you on the recent changes in legislation that actually do give responsibility to the actual rail operators as well as the track owner for, say, noise. For example, if somebody's going to run a very noisy train that's not very well maintained, as a track owner, that's not something we can easily control. Lately, the legislation has changed to put some responsibility on the actual people operating the trains as well as the track.

Senator O'NEILL: Right.

Mr Campbell: We will have an obligation to meet the costs of the abatement that's agreed as part of the EIS process. Then, as we start to operate, if something goes wrong with one of the trains and it starts to make more noise than it should, then the operator will be made responsible for that.

Senator O'NEILL: I'm concerned for the local communities. If it's just your responsibility, you'll know where to go when there's a problem. If it's your responsibility plus somebody else's, that might be fair, but what do residents do? How are they going to be advised about what abatement they're able to access? How do they get in on the discussion about this?

Mr Campbell: We'd like to think they would come to us, and then we would speak to the operator if something's going wrong with a train. But, all things being equal, if trains are operating as they should and they're as noisy as they should be, then that'll be our responsibility.

Senator O'NEILL: Could you provide the committee with a fulsome brief about how this is expected to operate—the scale, the numbers, the access for the community and their input opportunities, et cetera?

Mr Campbell: Yes, we can certainly do that.

CHAIR: Terrific. Thanks, Senator O'Neill. I think that is all for ARTC. Please go with our thanks.

Department of Infrastructure, Transport, Regional Development and Communications

[16:58]

CHAIR: I now welcome the Significant Project Investment Delivery Office.

Senator STERLE: What's SPIDO going to do?

Mr Atkinson: I might get Mr Hallinan to pick that up.

Mr Hallinan: SPIDO is looking at significant projects, as the title suggests, in particular, projects that are complex in nature and major, so substantial expenditure, and potentially things where there may be commercial returns or other things. Two good case studies that would be worth giving you as an example are the intermodal terminals at the top and the bottom of the Inland Rail network. They're two of the major projects that we're looking at first.

Senator STERLE: Okay, right. Why those two?

Mr Hallinan: I think it would be easiest to describe as: projects 14 and 15 are required to complete the Inland Rail project with the two terminals, top and bottom, and we want to get them right.

Senator STERLE: This is Acacia Ridge, and this is somewhere in Melbourne?

Mr Atkinson: Yes. Not wanting to say where the locations are—it's about big, complex, bespoke projects that need to be managed.

Senator STERLE: Okay. I'd better clear that. Are you sure it's Acacia Ridge at the top? It's not, is it? You're not putting any money into Acacia Ridge, are you?

Mr Atkinson: That was why I said I didn't want to say that.

Senator STERLE: Alright. How many people will they employ? Ms Hallam, are you the chief 'spider'?

Ms Hallam: The chief 'spidee', yes.

Senator STERLE: 'Spidee', 'spidette'—okay.

Ms Hallam: As of 16 February, we had 18 permanent staff and three contractors.

Senator STERLE: Where are you based?

Ms Hallam: In Mort Street in Canberra.

Senator STERLE: Oh, are you in Canberra? Okay. So it's a considerable amount of money. What have we got for it? I think it was about \$3.3 million to set it up. Is that right?

Ms Hallam: We have a contract with PricewaterhouseCoopers that is valued at around \$3 million. The office itself has additional funding.

Senator STERLE: How much additional funding?

Ms Hallam: About \$8 million.

Senator STERLE: Eight?

Ms Hallam: Sorry. We received \$8.6 million, and we are using approximately \$3 million for the PricewaterhouseCoopers contract.

Mr Atkinson: This is setting up a new function in the department.

Senator STERLE: So you're housed in the department?

Mr Atkinson: It is part of the department. It's a division in the department.

Senator STERLE: So it's the same building? You're not buying a new building?

Mr Atkinson: No. It's just a part of the department, with the divisional name SPIDO.

Senator STERLE: You're making me laugh! What has the work entailed so far?

Ms Hallam: We've got two elements. We've been given a number of existing projects to work on: as Mr Hallinan said, the intermodal terminal business cases to support Inland Rail—that's two of them—along with a number of other business cases with the Victorian and Queensland governments. We've also been asked to investigate new potential infrastructure that can be delivered in international-best-practice ways, potentially using private investment and financing. It's just complex projects over \$1 billion, particularly.

Senator STERLE: Okay. Is that for projects that have already been announced? This is not new ones that might fall out in the next financial year?

Ms Hallam: No, the ones within our remit have been announced, but we are also considering what new major transport infrastructure projects we could explore.

Senator STERLE: Okay. Is this \$8.6 million just for this financial year?

Ms Hallam: Yes.

Senator STERLE: Then what happens?

Ms Hallam: If we prove our worth, the government may see fit to give us continued funding.

Senator STERLE: We know the government's faced some well-documented difficulties in rolling out some of its infrastructure commitments. I think it's averaging about \$1.2 billion that we're behind by. Is this office designed to address those problems?

Mr Atkinson: Senator, I'm not sure about the proposition of your question.

Senator STERLE: You can challenge me, Mr Atkinson.

Mr Atkinson: I'll just say I'm not sure, if that's okay.

Senator STERLE: That's quite alright. I don't take it personally!

Mr Atkinson: But the function of this is about identifying long-term productive projects that are large and complex, outside of the normal infrastructure investment pipeline—as I said before, things where there's joint delivery with the private sector and where there's private sector potential revenue and those sorts of things.

Senator STERLE: Okay. You've got two on the go now that we know of—the top and bottom of Inland Rail.

Mr Atkinson: They're to be worked up, yes.

Senator STERLE: What else have you got?

Mr Atkinson: The future beyond that is part of the budget's considerations.

Senator STERLE: So am I right to say there's nothing else on—that there are no projects now that have been announced and haven't gone anywhere that you will pick up, maybe? You don't know?

Mr Atkinson: I don't think so.

Senator STERLE: Well, we'll find out in May. If anything pops up, we'll ask the same question.

Mr Atkinson: Yes, that's fine.

Senator CAROL BROWN: How are the projects allocated to SPIDO?

Mr Atkinson: Basically, it's identifying projects of that nature that we just talked about, and the government chooses that they be developed as part of this.

Senator CAROL BROWN: So they come through the minister directly?

Mr Atkinson: They go through the budget processes.

Senator CAROL BROWN: But do you provide advice? I'm just trying to understand how they get to SPIDO. Are they allocated through the minister?

Mr Atkinson: We provide advice to the cabinet processes, and they choose which projects get developed.

Senator CAROL BROWN: So it's the department and the minister, through the cabinet process.

Mr Atkinson: Yes.

Senator CAROL BROWN: Okay.

Senator STERLE: You can go, because I'm getting to road safety.

Senator CAROL BROWN: Okay. Senator Sterle was asking about the PricewaterhouseCoopers tender. I'd like it if you could go into some more detail around what you're getting from PwC for \$3.3 million? What have they delivered for you?

Ms Hallam: PricewaterhouseCoopers is working with us to support our establishment and that includes some overarching corporate probity and governance frameworks. They're also working out what capability we have and would need to discharge our remit. We have committed to providing expert support to projects. There are some project evaluation monitoring tools that we will be inquiring about from them. They've also been assisting us with our industry engagement to date.

Senator CAROL BROWN: Is the office actually up and running?

Ms Hallam: Yes.

Senator CAROL BROWN: Are those activities complete?

Ms Hallam: No, Senator. It will take some time to ensure—

Senator CAROL BROWN: Are you working on either of the two projects that you identified?

Ms Hallam: Yes. The office is made up of two branches. One branch is working particularly with PricewaterhouseCoopers to establish the office and look for a future pipeline of projects. The other branch is working on the delivery of the business cases, those intermodal terminals and a number of other ones.

Senator CAROL BROWN: What's the contract period for? How long will PricewaterhouseCoopers be supporting SPIDO?

Ms Hallam: It's until 30 June this year.

Senator CAROL BROWN: How long have they been on board? How long will that be—is it six months or something?

Ms Hallam: Yes. It will be about six months; that's right.

Senator CAROL BROWN: Is it envisaged that that will be the end of their involvement?

Ms Hallam: No. There's an option to extend further if required. But I'm afraid I can't say at this point in time whether that's going to be necessary or not.

Senator CAROL BROWN: When will you be hoping to make that decision, because you'll have to go and get some more money, won't you?

Ms Hallam: Potentially, yes. I'll probably look at making a decision towards 30 June.

Senator STERLE: After the budget.

CHAIR: I think that concludes your presentation today. Thank you for your time SPIDO. We'll now call the Surface Transport Policy Division.

Senator STERLE: I just want to go to the \$2 billion road safety program that was announced on 6 October of last year to be delivered over 18 months commencing in January 2021. We're talking about delivering upgrades to 3,000 kilometres of roads, some new shoulder-sealing, rumble strips, median treatments to prevent head-on collisions and barriers to prevent run-off road crashes and protect against roadside hazards—great. The program will be delivered in three-month and six-month tranches on a use it or lose it basis—that's good—which requires jurisdictions to provide road safety data as a key condition of funding. Tremendous!

Can the department provide a copy of the funding criteria used to administer the \$2 billion Road Safety Program, including specifics of the road safety data required to be provided by jurisdictions?

Mr Atkinson: I'll get Ms O'Neill to speak to that.

Ms O'Neill: We have already published the data that is required, I think, in response to a question on notice, but we will provide that to you.

Senator STERLE: You have all that, have you? That's the data provided. And when? You've done all that?

Ms O'Neill: Yes. That's part of their milestones—to provide that as part of that.

Senator STERLE: Beautiful. If it's done, just cut me off. Can you let us know how the use-it-or-lose-it provisions are to be assessed and enforced?

Ms O'Neill: Yes, I can. At the moment, we've got a number of programs underway and they need to complete all of their milestones and do all of their projects within the funding. Then, unless there are exceptional circumstances—such as COVID or extreme weather conditions, such as we're experiencing now—if construction activity cannot be completed during the timeframe within that tranche that was nominated within the project or a jurisdiction doesn't spend their allocation within the timeframe, we look at their future allocations and have those reduced to proportion. So we're holding them to account through a funding mechanism.

Senator GALLACHER: Regarding the first question you were asked, how many jurisdictions have provided the data on time and in full?

Ms O'Neill: The data isn't due yet. It's due towards the end of the tranche. It's one of the milestones.

Senator GALLACHER: The end of tranche is how long?

Ms O'Neill: Each tranche is six months long.

Senator GALLACHER: So, in six months time, they've got to give you the data to underpin the finance?

Ms O'Neill: Yes.

Senator GALLACHER: Thanks, Senator Sterle.

Senator STERLE: Can you also let us know the process through which states and territories apply for funds for individual sites or locations and any requirements for independent validation that it is, indeed, the best value for money in that state or territory?

Ms O'Neill: They all put together their projects and put them forward to us. We did a three-criteria analysis on whether it's eligible under the National Land Transport Act, whether it complies with the eligibility criteria in normal circumstances, then we checked that they were road safety projects. We assess them against where they saw the gap. What's the network-wide gap. Where do we need these? What is the current rate of fatal and serious injury, or is it a change in risk? As you know, the crashes don't always happen in the same places, so is it a risk that they're trying to reduce or is it a known area of fatal and serious accidents? We are looking for corridor-length treatments, not just spot treatments, so that we can reduce the risk over long lengths of roads. We went through that process to assess whether a risk existed and what sorts of outcomes we think could be achieved from that.

Senator STERLE: I've got a series of questions around that. Have any shovels been turned yet?

Ms O'Neill: Yes.

Senator STERLE: I'll get to that. Good. That's what I want to hear. Could you also let us know the criteria and process by which individual sites or locations are selected? You've touched on that, but who is the decision-maker? That's where I wanted to lead to.

Ms O'Neill: The decision-maker is the Deputy Prime Minister. We do an assessment—

Senator STERLE: My God, I hope he's more awake than he is in the shipping and rail area. Sorry, that's a statement.

Ms O'Neill: He's the final decision-maker of the program.

Senator GALLACHER: You're saying the Prime Minister make these decisions?

Ms O'Neill: The Deputy Prime Minister.

Senator GALLACHER: Okay. Given that it's about shoulder sealing, rumble strips and lane separation, what is the decision he makes? There are thousands of kilometres of arterial roads that require these treatments.

Mr Atkinson: Could I help with that? He's formally the decision-maker under the legislation.

Senator GALLACHER: I can't hear this bloke.

Senator STERLE: You are hard to hear, Mr Atkinson.

Mr Atkinson: That's not something I usually get accused of, to be honest! The Deputy Prime Minister is the decision-maker under the land transport legislation. The proposals comes through and are assessed for compliance, and then the DPM is the person who agrees them under the legislation.

Senator GALLACHER: People tell me that there's \$2 billion worth of work ready to go in New South Wales right now. So, what is it that you do?

Mr Atkinson: We're agreeing—the DPM signed off—

Senator STERLE: Sure, but what does he do?

Ms O'Neill: There have been over 698 projects signed off.

Senator GALLACHER: Signed off individually?

Ms O'Neill: Not individually. A program of works goes up. Each state and territory puts forward a program of potential projects. We assess them for their eligibility and to make sure that they are road safety projects. Then we put those state programs up to the Deputy Prime Minister for his signature. So there's a whole program of projects and each state has a number of individual ones. In the ACT there are 38; in New South Wales—

Senator STERLE: Ms O'Neill, I might make it easier for you: you can table the whole 693—is that easier?

Ms O'Neill: I'm happy to.

Senator STERLE: You can break it up for us into states. So there are 693 that have been signed off.

Ms O'Neill: Six hundred and ninety-eight.

Senator STERLE: Six hundred and ninety-eight. And how many are actually underway?

Ms O'Neill: Six-hundred and forty-one have commenced, as at February—I think, in the last few weeks, there have been more. But as to actual construction—shovels and people on the ground—there are 96, and there are nine completed.

Senator STERLE: So, sorry—641 as of February, but 96 have started?

Mr Atkinson: Commenced construction.

Ms O'Neill: Commenced construction.

Senator STERLE: What about the other—a quick sum—530 or whatever? Are they just ticked off—they're agreed? No?

Ms O'Neill: More than that—they're undergoing either procurement or design and planning. So they're getting on their way to there being shovels. There are 96 with shovels and graders et cetera, and there are nine completed.

Senator STERLE: Nine completed.

Ms O'Neill: Yes.

Senator STERLE: That's good. So you'll be able to break it all up for us, state by state or jurisdiction, seat by seat—whatever it might be?

Ms O'Neill: We can give you a complete picture, yes.

Senator GALLACHER: This is seamless. There's no new stuff here. This is proven technology that works. And you're just putting money into it. So is it going quickly enough?

Mr Atkinson: It was only started at the start of January.

Senator GALLACHER: Ninety-six.

Mr Atkinson: At this point, we've got really good progress.

Senator GALLACHER: So you should—

Mr Atkinson: We're hoping to get the whole lot done by—

Senator GALLACHER: So you should, because you're decades behind in this work. We know this stuff works. It saves lives. It saves injuries. And there are too many injuries and lives lost.

Mr Atkinson: We're very, very happy for this program and to get it moving as fast as we can.

Ms O'Neill: And I think this program has also really put the focus on road safety. It has really made agencies put it front of mind to make sure that they've got that focus and are pushing it out.

Senator STERLE: Yes, and that's all we want to see. We actually want to see it—rather than a headline, which we can't follow up. Can you provide all that detail: what actually has been spent, where and on what and all that? We'd like to put it on a map and see how it's going. Are there some states that aren't doing as well as others? You can break that all up for us.

Mr Atkinson: It would be a very busy map if you put 700 projects on it!

Senator STERLE: Yes, I know, but you can put a map and put how many have been done on it. You see, what Senator Gallacher and I see every year is 1,200 deaths. We see 30,000 every year—him more than me; he used to be the commissioner, for crying out loud! It just frustrates us. But if we can see it all laid out as to who is getting what and what for—

Mr Atkinson: Yes. We will put all that through.

Senator STERLE: it does help us.

Mr Atkinson: It's a very good program, this one.

Senator STERLE: In that case, we should be talking about it.

Mr Atkinson: Not that I should give policy views on—

Senator STERLE: I didn't pull you up at all!

Mr Atkinson: But the chair might!

Senator STERLE: So let us know the information available for consultation on the National Road Safety Strategy 2021-2030 that states that the \$5.5 million National Road Safety Data Hub will be delivered over the course of four years. Can you enlighten us on that?

Ms O'Neill: Yes. As to the draft strategy, the strategy is still out for consultation. The consultation will close tomorrow. We've had that out for four weeks. Prior to drafting the strategy, we had a lot of our key road safety stakeholders come in and help us refine the priorities. We've drafted the strategy. We've got that out for consultation at the moment. I've had 10 public offerings for people just to come and zoom and ask questions and clarify anything, and I've also done some one-on-one meetings with perhaps the really key stakeholders, like the college, like the AAA—all the big ones.

Senator STERLE: I was going to ask that, Ms O'Neill. Who are the experts that you are consulting—you can take it on notice or you can tell us; it's easy, you know who you're consulting—and how often do you meet?

Ms O'Neill: Once the strategy was out, obviously we met with the co-chairs of the inquiry—

Senator STERLE: Great.

Ms O'Neill: to let them know that it's there, and obviously we met them prior to help shape it, as well. We pulled it together, we've put it out and we've met them one on one just to say, 'How do you think we're tracking? Is the direction right?' because we want to get a sense from them as well. We get some texts, and maybe we'll provide advice in our written submissions to strengthen it or where there's an area we might need more emphasis. But, as I said, it closes tomorrow, and we're expecting written submissions. We'll go through those and then adjust, I think, what we put out, because, obviously, when you get more information you can make better.

Senator GALLACHER: Why does it take four years to do a data hub?

Ms O'Neill: No, the data hub is up and running. We're so grateful we got money stood up for the data hub in the last budget, in October. We released the serious injury baseline against the national definition just at the end of last week. We wanted to get that out. That's a huge piece of work that needs to be done. So we've set a baseline for the strategy, going forward. We're using the bureau—I think Dr Rawlings is here if you wanted to ask her specific questions.

Senator GALLACHER: Why does it take so long to get it up and running?

Ms O'Neill: It is up and running, and we've got our new dashboards up.

Senator GALLACHER: What are you delivering over four years?

Ms O'Neill: Over four years, I intend to have, as the data matures, an understanding of the risk that has changed in regard to the Road Safety Program: how effective are we being, how many lives have we saved and how has the risk reduced? I'm expecting to greater insights into serious injuries so we know what crash types we need to prevent and I'm looking to see if we can reduce the length of stay for hospitalisations. It takes time to get

the data. It's not harmonised. Our first business is to get the data harmonised so I can get an understanding of the national picture.

Senator STERLE: The sad part about this, Ms O'Neill, is that we had the ability to do that, but the Howard government's chopped the legs off the Office of Road Safety. So we understand that, but this is not new. We know some of the states do it well and some of the states do it terribly. But Senator Gallacher's frustration—and mine as well—is that we know that the last National Road Safety Strategy failed. The experts were scathing. Senator Gallacher and I welcomed the fact that the Deputy Prime Minister engaged with Dr Crozier and Professor Woolley, with support from Mr McNerney and Mr McIntosh. Thank goodness. But we saw the report that came out. A lot of it was kicked down the road there. We've asked many questions here in Senate estimates, 'Are you engaging with them?' And I'd asked Professor Woolley and Dr Crozier a couple of times early in the piece and they said, 'No, hardly ever. Crickets.' So we are keen to see actually how you are engaging, because—it's not being rude—they are the eminent experts; there's no argument about that. I struggle because I point back to that magnificent report, and it's all there, and in my eyes it's easy to fix if there's the political will.

Ms O'Neill: I'd say I've got a pretty strong relationship with the chairs of the inquiry—

Senator STERLE: That's good.

Ms O'Neill: in that we certainly do seek to listen to them and understand how we can improve. They've been really valuable in helping us shape it and telling us where we need to do better, obviously. But we are working with them, yes. I feel very strongly about that and would say that we have good relationship with them.

Senator STERLE: Good. So how does the data from the \$2 billion Road Safety Program feed into the National Road Safety Strategy?

Ms O'Neill: The data will tell us what we're targeting and if what we're targeting is making a difference, and, really, what the most effective use of the money is, because we want to get the things that are working the most out fast—

Senator STERLE: Sorry, Ms O'Neill, but when will you actually have the money?

Ms O'Neill: The money for?

Senator STERLE: The Road Safety Strategy and the program.

Ms O'Neill: I think we're working—

Senator STERLE: You'll get the data. Sorry to cut you off. The experts will tell you the data, and it'll all be proved right too.

Ms O'Neill: We're just working in the background to work with the government around what we're going to need over the life of the strategy, and that's just not determined yet.

Senator STERLE: When do you think it will be returned? Stranger in the house—there's a former senator at the back. Former Senator Edwards, hello. It's been a long time since you've been in estimates in this room. Sorry, Ms O'Neill. He distracted me. When are we going to have all the data? We're trying to get to the National Road Safety Strategy. We know that you're rolling out—

Mr Atkinson: We're doing the road safety investment now.

Senator STERLE: I know you are.

Senator GALLACHER: But if you've got 2021-30 and your data will only be available in 2025, how does that help you? You said it'd be four years before the data is in place at the hub.

Mr Atkinson: I don't think we said that.

Ms O'Neill: No. We've got some data now.

Senator GALLACHER: Hang on. You did. You said, to get all the jurisdictions together, it will be about four years before all the data is in the hub, with injuries and the like.

Ms O'Neill: I apologise. We have some data now, and we have a large number of datasets that we're pulling together. There are individual datasets in the states and territories which we are trying to pull together. There is harmonisation work to be done to make sure we're comparing like with like. That's work that needs to be done. I don't think that's going to take four years—

Senator GALLACHER: But you're funded for four years to do it.

Ms O'Neill: We are funded for four years.

Mr Atkinson: We have four years of funding for the hub, across the forward estimates. It's ongoing funding.

Senator GALLACHER: Right, and the data's going to be available when?

Mr Atkinson: As Ms O'Neill was saying, there's some now.

Senator GALLACHER: In up to four years time?

Mr Atkinson: No, now.

Dr Rawlings: Gabby O'Neill and I have been working closely to set up a project board to guide the Road Safety Data Hub. We've had two meetings already to guide the project. We've had some real progress. As Ms O'Neill says, our early focus has been on the serious injury dataset. We've kicked off a cost-of-road-crashes study. We've done a data-gaps analysis. We're working on getting a better visualisation of the existing data holdings that the bureau has. We're definitely focused on making progress.

Senator GALLACHER: It's a simple question. You've got a 10-year plan. The underpinning data is being collected. When will it be available to focus the plan?

Dr Rawlings: I would imagine that, as the program data comes in over the next six months, we'll do some quick analysis and get something out there in the public domain over the next six- to 12-month period, giving insights into what's happening with that program data. It definitely won't take four years.

Senator GALLACHER: Okay.

Senator STERLE: Don't go away, doc. Are you a doctor, Dr Rawlings?

Dr Rawlings: Yes, that's correct.

Senator STERLE: Alright, we've got six to 12 months. Let's move on to the projections for road fatalities and serious injuries. You mentioned BITRE. You're working on those future projections to 2030. Is that correct?

Dr Rawlings: Those projections are part of our next strategy, but we do report on our fatalities and serious injuries as they happen.

Senator STERLE: Like Senator Gallacher says, we're getting to the end of 2021, and, by the time our six to 12 months comes up, the reality is we'll nearly be in 2022 before we start getting to it. I remember the criticism that came from the experts last time when the strategy fell over. They really made a noise of it. Do you forecast any further past 2030? Will you forecast past 2030?

Dr Rawlings: We haven't been doing forecasts beyond 2030. We have done the serious injury baseline, which is our longest forecast at the moment. That's a national serious injury baseline of 40,472 serious injuries.

Senator STERLE: Forty thousand?

Dr Rawlings: Yes, 40,472.

Senator STERLE: How many deaths are you forecasting?

Dr Rawlings: As to the baseline for the new strategy, I might defer to Ms O'Neill. The current number of deaths is 1,124 to the end of February 2021. I imagine any reduction on that will be from the commencement of the strategy.

Ms O'Neill: I'll have to give you that on notice, I think, because the baseline for the strategy is not clear to me here.

Senator STERLE: Alright. Can you tell me, then, why you don't go past 2030? Why don't we forecast out to 2040 or 2050?

Ms O'Neill: It's pretty rubbery.

Senator STERLE: So are our records.

Ms O'Neill: Sorry for the language.

Senator STERLE: Watch your language, you're talking to a truck driver!

Mr Atkinson: A 10-year forecast is a long way into the future.

Senator STERLE: I understand, but we're just slipping up and failing. That's what I'm trying to say. Would it not be better to focus more on trying to look into the future rather than the past? We know what's happened. We've got all the figures. We bury people, and that's easy to count. We think we injure 30,000 in the main. Would that not be—

Mr Atkinson: I'm more so focusing on acting now.

Senator STERLE: Mr Atkinson, you won't get an argument from me. We're talking on acting now, but we can't even get the figures out for probably six or 12 months—it could be anything; we don't know. I'm asking the simple question: would it not be better to look into the future? Tomorrow is part of the future.

Mr Atkinson: That's true, but a 10-year forecast is a fairly normal thing.

Senator STERLE: So you can't provide us anything yet, but when you do, when you can give us the thoughts, we would be keen to see that, as would the road safety experts. Anyone want to say something?

Dr Rawlings: I might add that Professor Russell Gruen from the ANU is on our project board for the road safety—

Senator STERLE: Who is?

Dr Rawlings: Professor Russell Gruen, who is a close colleague of Dr Crozier, is on our project board to guide the project.

Senator STERLE: What I want to move into now is one of my favourite areas. I want to paint a picture, if I can. I'm going to go to Austroads and the Austroads report on the heavy vehicle rest area strategy. As someone who has spent a fair bit of time in heavy vehicle rest areas, I'm going to ask some questions now. I'm going to show you something and I'm going to ask on behalf of Australia's female truck drivers and our men.

Let's just paint a picture. It's freezing cold and they're out in the outback of New South Wales somewhere. The nearest roadhouse is probably 200 kilometres away. It's pouring down with rain. I'm painting a picture; shut your eyes if you want to. They've been on the road for a couple of days—three or four days or maybe a week—thundering along in their truck, carting millions of dollars worth of gear around our nation. All of a sudden they have a shocking tummy ache. This might not be pleasant, but this is life for Australia's long-distance truck drivers. Could we imagine what it would be like if I said to you people, you men and women: 'If you want to have a toilet break, go down the road to State Circle. There's plenty of bush. Find yourself a nice shady bush if it's sunny and hope there aren't a lot of flies out there.' I know it sounds crass, but this is what our truckies do day in and day out. Put your shorts on a branch where you hope they don't fall in the mud, do your business and hope to crikey you don't fall back in it. As terrible as that sounds, isn't it shocking? This is what our truckies go through every single day of their life. And we wonder why we can't attract women to the transport industry! My frustration, after all these years, has not waned. I've got a torch here, because it's night-time, too. Hope to Christ you don't walk on a snake or something else. Our truckies pull over.

They can read all sorts of reports if they're brought to them. They've been screaming for years: 'Where can we get fit-for-purpose facilities for our truckies? Where can we get showers? Where can we get access to toilets?' Now, I don't expect, and neither do our truckies, that there would be a fit-for-purpose truck bay every five kilometres. I have a solution, but I want to ask you guys: where are we going? We're talking about how we get these areas, not only for our truckies, instead of walking into the bush in 2021 with a light and hoping to Christ you don't fall or step on something that might bite you. I look at the preamble of the Austroads heavy vehicle road safety—Austroads are fully funded by the federal government, correct?

Ms O'Neill: Yes, it's joint with the states and New Zealand as well.

Senator STERLE: How much funding do they attract? I don't know the answer. If you don't know, you can take it on notice.

Mr Atkinson: I'll take it on notice.

Senator STERLE: When you read the preamble, they mention that back in 2019 Austroads produced a publication titled *Guidelines for the provision of heavy vehicle rest area facilities*. That publication draws on and provides an update to the 2005 National Transport Commission guidelines. All the way through it says things like 'may involve' talking to transport industry experts, 'may involve' talking to truck drivers to develop a heavy road vehicle strategy. Stakeholders 'could' manage development—'could' not 'if'. It's a fairly flossy sort of thing. I want to ask some questions around that, while our truckies are listening in. It says:

... local and state governments, and developers to identify and prioritise [heavy vehicle road safety authority] sites that will help meet fatigue management objectives—

this is what it says in the preamble—

including those suitable for commercial development.

That's obviously roadhouses. Where have we got to? Can someone point me to a heavy vehicle road strategy that involves transport operators, truck drivers—men and women? What have we done?

Ms O'Neill: We've got individual projects. We don't have a strategy as far as I'm aware, but we are funding projects in Northern Territory and Queensland under the Road Safety Program, and there are a number of rest stops and truck stops being upgraded or created through the Heavy Vehicle Safety and Productivity Program.

Senator STERLE: Can you list those for me and tell me how much we've spent, where are they and who was consulted? Having a roadhouse is one thing, but I have to tell you some of the conditions of the roadhouses are absolutely disgusting. We know that. We saw what happened to our truckies when COVID came in. Trust me on

this; my phone rang red-hot. Overzealous enforcers were kicking the truckies out. We had two-up driving teams running together, men and women together, sleeping in the same bunk—not at the same time as one would be behind the steering wheel. They'd pull into a roadhouse and they weren't even allowed to sit and eat together. This is the nonsense that's going on. And some of the photos that have come across my desk showing the conditions of some of the roadhouses, I wouldn't even dare bring them in here because they'd put me off my dinner.

Coming back to where we are in 2021, what are we going to do for our truck drivers? How are we going to give them somewhere that's safe for them, talk to them when they need to talk, and provide them with toilets, provide them with the opportunity for a shower. I don't say this tongue-in-cheek. I'm getting too old for the torch light and the toilet paper under my arm. Thank God when I came off the road my knees were alright. What are we going to do?

Mr Atkinson: We have been pursuing these—

Senator STERLE: Sorry, Mr Atkinson—you've been good; you've been listening. We have a couple of roadhouses. So BP and Caltex—you know what happens; they get a playground and a McDonald's. Truckies have enough health issues without McDonalds. That's a whole other story, if I can go down that path at a later date.

Is anyone listening? Is anyone consulting? Do we have a working group with truck drivers—men and women—on it to consult on where we should be building heavy vehicle rest areas? You're not in trouble, because this hasn't been brought to your attention. It has just been waffling around out there in Austroads land, or somewhere else. I'm not having a crack at you.

Mr Atkinson: It's not 'not brought to my attention'; it's an issue that I'm aware of. It has been raised with me by a number of people, both the availability and the conditions. It's a significant issue for truck drivers. We did a lot of work throughout COVID-19 to overcome some of those issues by making sure certain states actually let people into truck stops and roadhouses, because there was a problem in the COVID space with the health authorities.

Senator STERLE: There was.

Mr Atkinson: A lot of hard work went into resolving that with those state governments. We don't have a comprehensive strategy for this. At the moment we're investing in it on a project-by-project basis, as Ms O'Neill was saying, and that comes through with the heavy vehicle program that we talked about. At the moment, it's coming through on a project-by-project basis with the states.

Senator STERLE: Mr Atkinson, forgive my negativity here, but what are the states saying? You see, half of the problem we have is with the states, because they're all experts behind their computers. So what are we doing with the states?

Truck drivers—men and women—have sat down and said: 'We need serious truck bays. We need somewhere we can pull over. We need bitumen. We need lighting so we can change tyres at night. We want to be able to have a shower.' Can someone point me to something I may have missed?

Ms Bridger: We have been meeting regularly with the states. Most of the focus has been on making sure that we can continue moving freight across borders. That was our predominant focus last year, given efforts around COVID. The focus was to make sure, as you've outlined, that we could keep trucks going, and one of those initiatives was to make sure truck-stop opening hours were extended. In discussion with the states and industry, these are fortnightly conversations that we're having with them at the moment.

Senator STERLE: Tell me who you actually have those conversations with, please.

Ms Bridger: Yes, sure.

Senator STERLE: Because I know the hard work that was done—I was part of it too—but I also know the anger and frustration at the borders.

Ms Bridger: Sure. I'll just see if I can find the list of specific attendees. All of the jurisdictions are represented. We have a number of industry peak bodies. We have unions represented on that conversation as well. Generally, the conversation is a bit of an update on how things are working at the border, to make sure that freight continues to move across borders—whether there are any specific issues that have cropped up over the fortnight. Of particular concern has been making sure that drivers have access to vaccination, given the timeliness that's required for vaccinations. That's probably been the main issue that we've been working through with them, and we've invited the Department of Health to those conversations as well.

Senator STERLE: I reckon truckies are the most tested of any of our frontline workers, and I'm so thankful to our frontline health workers. Truckies, finally, after all these years, have been recognised as essential service providers, not to mention our retail workers, who put with a lot of rubbish when the public is being repulsive. But,

going back to this problem, this is not a new problem. Are you having any conversations at the state level where there is consultation with truck drivers—men and women—as to where would be the best place, if there is a pot of money, to start putting in some facilities where they can actually go to the toilet or have a shower? Is there anything like that?

Mr Atkinson: Can I just add something there?

Senator STERLE: Please do.

Mr Atkinson: As Ms O'Neill was saying, the Heavy Vehicle Safety and Productivity Program has funded 72 new or updated rest areas. It's designed for that specific purpose. That's one of our programs.

Senator STERLE: You'll be able to tell me where they are?

Mr Atkinson: We can give you the list of them. In addition to those, we have individual state-based projects in WA, NT and Queensland—

Senator STERLE: When you say WA, is this the latest announcement by the McGowan government with the Morrison-government pot of money? I think it's \$14 million for road train assembly areas. There's Newman. Auski is going to get done up. There's something in Northampton, Exmouth, Kojonup and Leonora. Is it that project that you're talking about?

Ms O'Neill: And the Great Northern Highway.

Senator STERLE: Long time coming! We've been advocating for that for a long time. Congratulations to the industry. I did say in the Senate the other day that I congratulate everyone—both governments did a great job. It was a long time coming, and it shouldn't stop there, but at least they've moved. So I'm aware of that one.

Mr Atkinson: As far as that program goes, we engage with the states on the proposals that the states are putting forward and we have those conversations. I'll take on notice what the conversations are in terms of who they're engaging with as they're bringing forward proposals under that program, just to give you more information on that, and we'll give you the full list of all of the projects that relate to this, on notice.

Senator STERLE: Thank you. There's also another issue—

CHAIR: I'm sorry to interrupt, but could you also provide the list of projects in Queensland? We had evidence the other day that there were only 21 dedicated truck stops with toilet and shower facilities in Queensland.

Mr Atkinson: It's very mixed across the states, as you would know, Senator Sterle.

Senator STERLE: Yes.

Mr Atkinson: I'll give you a list of all of them, from all of the states—those that we participate in. There may be things the states do separately.

Senator STERLE: That would be good. I know Queensland and Tassie have advanced their efforts, and we'll hear about Tassie's effort—no doubt about that.

Mr Atkinson: They're all starting at different levels, though.

Senator STERLE: Yes, I know. I get that. Are you aware of Mr Rod Hannifey from Dubbo? Has his name come across your desk?

Ms O'Neill: Yes, I think his name has, but I can't remember exactly.

Senator STERLE: I'll help you out. Mr Hannifey is an absolute titan of the trucking industry. He's a company driver out of Dubbo. He drives for Rod Pilon. I know Rod very well, and he has his own thing he's been doing with the green reflectors. Do you remember that?

Ms O'Neill: Yes.

Senator STERLE: I caught up with Rod in Perth not long ago. He funds that himself. He runs around the nation and finds places that are not actual truck bays but where our truckies can pull off safely, whether they have to go to the toilet, have a sleep or change a tyre. This is about road safety for all our road users, because we don't want trucks pulled up half hanging out in lanes. Rod shows frustration that he can't get any support from state or federal level. Where do I point Rob? Who could he talk to? He has spent a motza of his own money, on his holidays, running up highways and putting out his green reflectors, which are well known around our nation, with no support from anyone. This bloke should be put on a pedestal and championed.

Mr Atkinson: I think he should in the first instance, if he hasn't already, speak to us.

Senator STERLE: Great.

Mr Atkinson: Also, the key thing is that we need the states to be proponents on these things as well, so we need to speak to our state colleagues as well.

Senator STERLE: Sure. The states are the biggest problem, because they're the only experts who know about roads, not some truckie who's been running up and down them for 40 years of his life! But you may be able to help me. We might get somewhere for him to be able to go.

One thing I want to raise with you is the Australian Design Rules. Can I talk about this? I'd love to think this was my idea, but it wasn't; it was the Oz Trucker, Mick Williams. Mick said to me in Sydney: 'For crying out loud, Glenn! We've got 46-, 48- and 52-foot trailers. Every time we squeeze another six inches on a trailer, we put more free freight on for the top of the supply chains. Yet look at our bunks. Look at our cabs in our prime movers. Some of us can stand up and take our pants off; some of us have to sit on the bunk to do it.' I said, 'What I'd give to be able to take my pants off standing up in my prime mover! I would have killed to have that.' Look at the caravan industry. In the caravans, they have chemical toilets and they have a shower. Bear in mind the width of a chemical toilet. How hard is it to get the Australian Design Rules to actually put a chemical toilet in a truck for our truckies for when it's stinking hot outside or when it's pouring down with rain? When we have women in the trucking industry, that's the least we could do for them. It's not reinventing the wheel. How could I get someone to say, 'What a good idea, Senator'? How can we work with the trucking industry to do that, instead of keeping making trailers longer to put free freight on them?

Mr Atkinson: Senator, can I take that on notice and come back to you?

Senator STERLE: Sure. I'm serious.

Mr Atkinson: I appreciate that.

Senator STERLE: We should be going there. Trust me: that would be a wonderful development. Senator McDonald, thank you for your indulgence.

CHAIR: It's an important topic.

Senator STERLE: I will follow up on that to talk about Rob Hannifey and the fine work that he does and how you can probably assist us in trying to get the states to understand the man's trying to save lives. He's not trying to take a job off a department of transport enforcer.

CHAIR: Thank you, Senator Sterle. I don't believe there are any other questions for Surface Transport.

Senator CAROL BROWN: I have some.

CHAIR: Oh, I'm sorry, Senator Brown.

Senator STERLE: I'm sorry, Senator Brown.

Senator CAROL BROWN: That's alright. There's no problem at all. I wanted to ask some questions about the coastal shipping reform. Do you want to give me an update about where we are on the consultations, please?

Mr Johnson: Yes, we're continuing to consult on the coastal trading reforms. We did have a pause during COVID and until September last year. We distributed an additional discussion paper in September in relation to making some changes to the coastal trading framework focused on cargo vessels, based on the feedback from the stakeholders as part of the process. From then, we're looking at submissions that we received from that and also continuing to seek industry's views. We've recently done some more engagement and received some submissions from the rail industry that we're looking at as well, as part of that process.

Senator CAROL BROWN: Is it just the one discussion paper?

Mr Johnson: In terms of the sort of detail that we've released recently, yes, it's just that one at the moment.

Senator CAROL BROWN: So you don't have discussion papers on specific issues?

Mr Johnson: No, we've only got the one at the moment. There might be some more later.

Senator CAROL BROWN: So the discussion paper you circulated on 21 September last year is the current discussion paper?

Mr Johnson: Yes.

Senator CAROL BROWN: There is no update on that?

Mr Johnson: No, there's not.

Senator CAROL BROWN: When you say there might be more discussion papers, how will you know whether that's going to be the case?

Mr Johnson: It'll be in terms of how we respond to the specific comments on that cargo paper, but we also haven't progressed consultations in relation to passengers. Vessels carrying passengers are handled under the coastal trading act. That was deliberate, given the current situation with the cruise industry. The coastal trading act deals with both cargo and passengers, so we'd expect that there'd be—

Senator CAROL BROWN: What was the focus of the September discussion paper?

Mr Johnson: The focus of that was around some specific changes that had been discussed with those stakeholders around cargo. The first part would be potentially separating the licensing for cargo and passenger vehicles to reflect that they're quite different operating arrangements. There was a proposal around a cargo and route nomination system for general licence holders, there was a proposal to remove the five-voyage minimum for temporary licences, and a proposed process around automatic approvals of temporary licence applications where there's no nomination from a general licence holder in terms of that route or cargo. There was some greater flexibility around voyage notification and tolerance limit requirements, and a broadened use of emergency licences to increase the applicability for commercial circumstances.

Senator CAROL BROWN: Would I be able to get a copy of the discussion paper?

Mr Johnson: Yes.

Senator CAROL BROWN: Are you going to tell me it's on the website?

Mr Johnson: No, we can provide you with a copy.

Senator CAROL BROWN: And the dates on which it was circulated and a list of who it was circulated to.

Mr Johnson: Yes, we can provide that.

Senator CAROL BROWN: And that's the only discussion paper; it's just been continually built on? As you said, there was a discussion paper and then the consultation process stopped because of COVID, and it's recommenced?

Mr Johnson: Yes. There was a paper we put out early in the process in 2019, but that was kind of a scene-setting paper.

Senator CAROL BROWN: Those issues that you mentioned—where are they coming from? Are they coming from the department as issues that you want to be part of the discussion or are they coming up through the consultations with people that are involved in the maritime industry?

Mr Johnson: Yes, they've come out of the discussions with the maritime industry that we held in late 2019, and submissions we'd received against different papers.

Senator CAROL BROWN: So what are you going to give the committee?

Mr Johnson: I'm going to give you a copy of the discussion paper on cargo.

Senator CAROL BROWN: Are there any documents that have been drawn up by the department around possible legislative reform based on that discussion paper and subsequent consultations?

Mr Johnson: Not yet.

Senator CAROL BROWN: Have we got a time frame for that?

Mr Johnson: No, we're still consulting.

Senator CAROL BROWN: When do we think the consultation phase will come to an end?

Mr Johnson: We deliberately haven't set an end date for the consultation. We want to continue the consultation and hopefully get to a point where we can have a significant amount of agreement amongst the stakeholders about how reform should progress.

Senator CAROL BROWN: Do you not have some sort of timetable as to the end date?

Mr Johnson: No. We deliberately haven't set that end date.

Senator CAROL BROWN: It's going forever and ever, amen?

Mr Johnson: No, hopefully not forever. We really want to get to a point where we can get enough agreement to make some change, and that'll be the point at which we'll make a decision, with the government, around how to take it forward and what the time frame will be.

Senator CAROL BROWN: Mr Atkinson, do you have an understanding of when the minister would like some recommendations to be put forward?

Mr Atkinson: I don't have a lot to add to what Mr Johnson said except that we're keen to reach a consensus, in this space, so we can have a reform, as he was saying, that is broadly agreed to. If we need to take into account changes and cycle back and have further consultation, we will. We haven't put a hard deadline on it.

Senator CAROL BROWN: Has any commitment or recommendations that have consensus been put forward?

Mr Johnson: There are a number of those proposals. There was a broad level of support amongst the shipping industry stakeholders, but I wouldn't say we've got to a point of consensus yet, which is part of the reason we're still working on it and consulting.

Senator CAROL BROWN: No, but is there a decision by government or the minister that only recommendations that have consensus will be put forward?

Mr Johnson: No.

Senator CAROL BROWN: Has the issue around skills development been canvassed in the consultations?

Mr Johnson: Yes. They were canvassed in the consultation session that we held on, I think, 12 December 2019. That is something that came up in those consultations, quite strongly.

Senator CAROL BROWN: With the information that you're able to furnish the committee, are you able to give me the dates of those consultations?

Mr Johnson: Yes, certainly. That particular one was 12 December 2019.

Senator CAROL BROWN: Yes, but you've had more than one, haven't you?

Mr Johnson: No, we've only had one face to face. We've been working with submissions and—

Senator CAROL BROWN: Okay. Could I have a list of the issues that were raised or whatever else you can give me arising out of that meeting?

Mr Johnson: Certainly.

Senator CAROL BROWN: In terms of the need for recruitment in the maritime industry and skills development, what does the department currently do? Do you assist groups that may be in this maritime training space? Do people come along to the department and say, 'I've got this plan around training, if you can throw me a few bob'?

Mr Johnson: We've had conversations with people and a number of people have put forward proposals, but we don't have any funding specifically allocated to skills in the maritime sector.

Senator CAROL BROWN: What does that mean, 'specifically'? Have you ever funded any—

Mr Johnson: No.

Senator CAROL BROWN: So no training and no skills development has ever been funded out of the department for the maritime industry?

Mr Johnson: Not in the last couple of years.

Mr Atkinson: We don't currently have a program.

Senator CAROL BROWN: Where do you send these people who come along to you? I know there would be people who have really great programs that are being developed or ones that are currently running, but to scale up they need some support. Where do you send them to?

Mr Johnson: That would be the department that looks after education and training. We also have conversations with them about a number of the port authorities and other people who have programs to support skills development. Sometimes we suggest they might talk to them.

Senator CAROL BROWN: So you send port authorities to the department of education as well. Is that what you just told me?

Mr Atkinson: Sorry, that's not what he said.

Senator CAROL BROWN: That's what I'm asking.

Mr Johnson: No. A number of the port authorities run skills development programs. Often, if people have an idea, I might suggest they go and talk to the local port authority.

Senator CAROL BROWN: You send them to the port authority, sorry. Does the department give advice on what goes on a skilled migration program list if it's to do with the maritime industry? The suggestion by the federal government, to include seafarers as a priority occupation for skilled migration, is that something that the department would have been sought advice about?

Mr Johnson: No.

Senator CAROL BROWN: Do you give advice?

Mr Atkinson: That skills list is held by another portfolio, and it's—

Senator CAROL BROWN: I know, but I'm just asking whether advice would be sought from your department.

Mr Atkinson: Ordinarily they would consult with the sector on those things.

Mr Johnson: Yes, normally industry consultations are involved in setting those priorities.

Senator CAROL BROWN: So there was no advice sought from the department at all?

Mr Atkinson: Could I take that on notice?

Senator CAROL BROWN: Sure. Considering there are a lot of unemployed Australian seafarers, it seems extraordinary that there's a 'suggestion' that they should be added as a priority occupation for skilled migration. This has been an ongoing issue, which I'm sure, Mr Johnson, you would be aware of, because it would have been raised in the consultations.

Mr Johnson: Yes.

Senator CAROL BROWN: I'll have to ask some questions in other places, then. Do you have anything else that you want to tell me about the coastal shipping—?

Mr Johnson: No, I think we've covered most things. I'm happy to get those details on notice, as I mentioned.

CHAIR: Senator Brown, how much longer do you need? We have a dinner break scheduled for 6 pm.

Senator CAROL BROWN: I could probably get through it in about five or 10 minutes. It's up to Mr Johnson—if he tells me what I want, it'd be good. I'll go really quickly

CHAIR: Five minutes?

Senator CAROL BROWN: Alright. It's me and you, Mr Johnson! I want to quickly talk about temporary licences. How many applications for a temporary licence to undertake coastal shipping have been refused in the last 12 months?

Mr Johnson: In terms of licences that have been refused, there were two, I think.

Senator CAROL BROWN: Were they appealed?

Mr Johnson: No.

Senator CAROL BROWN: On what basis were they refused?

Mr Johnson: There were a number of bases on which they were refused. Both of them related to a small expedition cruise vessel. The reasons they were refused related largely to the assessment against the object of the act. It was really about the different components of that object around the—

Senator CAROL BROWN: So these were only small cruise vessels?

Mr Johnson: Yes. The vessel involved carries 99 passengers.

Senator CAROL BROWN: How many were granted in the same 12-month period?

Mr Johnson: In terms of—?

Senator CAROL BROWN: Temporary licences.

Mr Johnson: I don't have the 12-month period, but, in the 2020-21 financial year to 31 January, 16 temporary licences were approved, and, in the financial year 2019-20, 42 licences were approved.

Senator CAROL BROWN: I might ask some of these questions on notice to the department, because I want to make sure that I'm getting the same periods—and I'm not prepared to go up against the chair at this stage! I have a quick question. The department would be aware of the Tasmanian TT-Line's plans to replace the two *Spirit of Tasmania* vessels.

Mr Johnson: Yes.

Senator CAROL BROWN: Have you received any representation from the Tasmanian government regarding a contribution from the Commonwealth on the replacement vessels?

Mr Johnson: No, this department hasn't.

Senator CAROL BROWN: Have you got a copy of the report?

Mr Johnson: I've looked at it online. I haven't been provided with a copy.

Senator CAROL BROWN: So it's online?

Mr Johnson: Yes.

Senator CAROL BROWN: The final report is online?

Mr Johnson: Yes.

Senator CAROL BROWN: Oh, good.

Mr Johnson: There's a link in the media release that the Tasmanian government put out.

Senator CAROL BROWN: I haven't seen anything. Are you sure it's the final one?

Mr Johnson: I believe so.

Senator CAROL BROWN: If it's not, can you send me a copy of it?

Mr Johnson: Yes.

Senator CAROL BROWN: I think I can find it myself. That's all. Thank you.

ACTING CHAIR (Senator Sterle): Thank you everyone. We will now suspend.

Proceedings suspended from 18:05 to 19:05

CHAIR: We'll recommence. Senator Chisholm, do you have some questions?

Senator CHISHOLM: I want to ask about the Singleton bypass. The New South Wales and Commonwealth governments are contributing, together, \$700 million to build the Singleton bypass. Is that correct?

Mr Atkinson: I'll get the branch head.

Ms Legg: Give me a moment and I'll find my details on Singleton. Sorry—I just want to confirm those amounts—

Mr Hallinan: I can start at the high level. There's a \$700 million commitment through the 2020-21 budget—\$560 million from the Commonwealth on an 80-20 funding split with the state.

Senator CHISHOLM: I understand the mayor of Singleton has raised concerns regarding the project's design. Are you aware of those concerns?

Ms Legg: No, I'm not aware of those.

Senator CHISHOLM: Would something like that come to your attention, generally speaking?

Ms Legg: It may come to our attention through the governance arrangements and the committees which sit across the delivery of those projects. Because this is a reasonably recent one, we're just in the early stages of setting up the governance across that body. I can certainly ask our colleagues at Transport for NSW what they're aware of in terms of feedback from the council.

Senator CHISHOLM: Okay. The mayor of Singleton has suggested the project must be dual carriageway and include a full interchange at Putty Road. Does the department agree with those concerns?

Ms Legg: It's a little early. I haven't seen the design at this stage, but we can certainly ask what's being proposed and what's being looked at through their business case.

Senator CHISHOLM: The mayor describes this as a second-rate upgrade. Would that be correct?

Ms Legg: I can't comment until I see that information, but we would certainly want to understand the scope.

Senator CHISHOLM: Who's responsible for that information?

Ms Legg: We work with our delivery partner, which in this case is Transport for NSW. They would develop a business case for us which would contain that information, and we would have an opportunity to examine those details through that process.

Senator CHISHOLM: I also want to ask about some Perth-specific projects. At what stage is the Perth to Bunbury faster rail corridor investigation? I think it was announced in October last year.

Ms Rosengren: The business case is being developed by the National Faster Rail Agency. I understand that they've commenced negotiations with the WA government to scope what that business case will include.

Senator CHISHOLM: A business case is being done?

Ms Rosengren: It's a business case, but you'll have to speak to the National Faster Rail Agency for more information. They're running that project.

Senator CHISHOLM: Okay. Of the \$110 billion infrastructure spend, how much is allocated to projects in Western Australia?

Ms Rosengren: Currently, there's \$15.5 billion for land transport infrastructure from 2013-14 to 2029-30. Of that, \$7.2 billion is in the forward estimates, and we've spent approximately \$6.2 billion since 2013.

Senator CHISHOLM: Has the department had any conversations with the state government of Western Australia about the railway project since March 2013?

Ms Rosengren: Not that I'm aware of. The contingent liability remains on the books, the Australian government commitment to provide \$1.2 billion for the first WA government willing to construct Roe 8 and Roe 9.

Senator CHISHOLM: Senator Brown, I was going to ask about the Tasmania-specific projects in our pack. Is that alright?

Senator CAROL BROWN: Yes. You go for it, as an honorary Tasmanian.

Senator CHISHOLM: Is there an exact date for the Illawarra main road upgrade project to commence? Can the department update the committee regarding why there has been a delay?

Ms Nattey: Just give me a moment, Senator; I'll just turn to my notes. The project's currently in planning. It's due to start later this year. We'll upgrade Illawarra Road between the Bass and Midland highways to a category 1 standard. A draft project proposal report is due in the next couple of weeks.

Senator CHISHOLM: Okay.

Senator CAROL BROWN: Did you say there was a delay?

Ms Nattey: Senator Brown, I'm not aware of the details about why there is a delay, but I'm happy to take that on notice.

Senator CAROL BROWN: Thank you.

Senator Colbeck: The question probably ought to be: is there a delay as part of that process?

Senator CAROL BROWN: I didn't hear what you said, Minister. Were you speaking to the committee?

Senator Colbeck: The assertion is that there's a delay. We'll get advice as to the status of the project and its time line.

Senator CAROL BROWN: I think the documentation shows the delay, but we would appreciate the answer to Senator Chisholm's question.

Senator CHISHOLM: Can the department inform the committee regarding the Tasman Highway sideling upgrade? I understand that the works will commence in mid-2022, but there have been no funds provided for the project yet?

Ms Nattey: The project will deliver targeted upgrades to the Tasman Highway sideling track, and planning is well underway, following consultation between local governments and the Department of State Growth in Tasmania in relation to the project scope. A designer has been engaged, with a tender expected to be released later this year.

Senator CHISHOLM: When do you expect the first milestone payment to be made?

Ms Nattey: We'll settle the milestones once the scope is settled. But, in the department's view that, depending on the scope of the project, we can release some of the funding immediately so that the tender can be awarded, that can be the first milestone.

Senator CHISHOLM: So there are no details around what amounts will be provided per milestone as yet?

Ms Nattey: No, there aren't, Senator.

Senator CHISHOLM: The government announced this funding months before the last federal election in 2019. How come it has taken so long for this to get to this stage now?

Ms Nattey: The sideling has been under discussion between the Australian government and the Department of State Growth and the local councils for some time. It's quite a complex project. The sideling is part of the Targa track, the rally track in Tasmania, and that, by its very nature, means that it is quite a windy road. It's narrow and in places it's quite difficult to offer a solution to duplicate the road or to do overtaking lanes. So the discussions have been going back and forth about what the nature of the project will look like to ensure that the council's views are taken into account.

CHAIR: Chair, I think Senator Brown has some questions.

Senator CAROL BROWN: I want to go to the Bridgewater Bridge replacement. When do you expect the department to release the design of the new Bridgewater Bridge? We're in the planning stage at the moment.

Ms Nattey: That's right. Due technical fieldwork and other site investigations and environmental planning are ongoing. The Department of State Growth has engaged the early contractor involvement model and has McConnell Dowell and CPB Contractors selected to develop their individual tenders for the design and construction of the project. A preferred contractor will be selected and the design awarded by the end of 2021. This project is currently on track.

Senator CAROL BROWN: So you're telling me that you have confidence, given that there has been considerable delay on the Bridgewater Bridge? Is the department confident that the time line is going to be met?

Ms Nattey: I am confident. We've got a very robust governance structure set up for the Bridgewater Bridge. I'm aware of the delays to which you refer. I'm involved in a project steering committee. My teams are involved in working level groups. We meet monthly and make decisions. Yes, I have confidence that these time lines will be met.

Senator CAROL BROWN: So you expect the design sometime late 2021?

Ms Nattey: Yes.

Senator CAROL BROWN: Then that design will be released for public consultation?

Ms Nattey: That's right. I'm sure you're aware there is a reference design that's currently publicly available for comment, and then each of the early contractors will bring forward their own design, and a decision will be made at the steering committee about putting those forward to government for its final endorsement. That will be later this year, with construction due to start in early 2022 and then traffic on the bridge in late 2024.

Senator CAROL BROWN: You're anticipating that the funding commitment for the project will be covered by the—it's \$576 million, according to your documents?

Ms Nattey: That's right, and \$461 million of that is Australian government funding. We have made very deliberate the funding envelope to those early contractors so they understand that that is the funding envelope that they are to operate within.

Senator CAROL BROWN: You are confident that that figure will be the final figure?

Ms Nattey: I think we will have to wait and see what the final designs look like. There will obviously be some consideration of those designs and whether a design will deliver the intended objective of the Bridgewater Bridge and if that design is possible within the funding envelope of \$576 million and, if it's not possible, what it would look like. So we will need to wait for the contractors to come back to us to say what is possible within that funding.

Senator CAROL BROWN: What does that actually mean? Are you saying that \$461 million is the final contribution from the federal government and that's it, or are you open to further discussion with the state government?

Mr P Smith: As Ms Nattey's outlined, the current commitment from the Australian government is \$461 million. They're going through the tender process at the moment. Obviously, as these projects go, those costs and scopes are refined, so, as Ms Nattey outlined, we'll need to wait until that process is finished.

Senator CAROL BROWN: So there's been no further representations from the Tasmanian government and no further—

Ms Nattey: There have not been further representations, Senator Brown.

Senator CAROL BROWN: Okay. Are you happy with the announced time line in terms of the construction on Bridgewater Bridge beginning and being completed?

Ms Nattey: Yes, I am.

Senator CAROL BROWN: Why?

Ms Nattey: Why am I happy about it?

Senator CAROL BROWN: What gives you that confidence?

Ms Nattey: I think being involved for a long time with this project. This was one of the first projects that, when I joined the department 2½ years ago—

Senator CAROL BROWN: What is different, Ms Nattey?

Ms Nattey: What's different is that there's a very experienced project manager who also managed the delivery of the new Royal Hobart Hospital. He's very experienced. They have a very strong team behind them. There's a will from the government to ensure that that governance arrangement delivers the publicly announced dates, and we're all solidly working towards that. The next meeting of that steering committee is next Monday.

Senator CAROL BROWN: So we'll be driving over the new Bridgewater Bridge in 2024?

Ms Nattey: That's right, by December 2024.

Senator CAROL BROWN: Well, if we're not, I'll come back and ask you!

Ms Nattey: I'm sure you will, Senator Brown.

Senator CAROL BROWN: I'll ask you politely, I can assure you. You've kindly provided this documentation for us, but you've taken a column out. Why?

Mr P Smith: I'll have to check that. I think it was the same as the last one we gave.

Senator CAROL BROWN: No, you've taken the percentage column out.

Mr P Smith: Sorry, the total project costs compared to Australian government funding and the percentage.

Senator CAROL BROWN: Yes.

Mr P Smith: We do still have the total project costs and the Australian government—

Senator CAROL BROWN: I can see that, but for people like myself, percentages count.

Mr P Smith: Okay.

Senator CAROL BROWN: But why just make it harder for me?

Mr P Smith: There's a lot of information on the page.

Senator CAROL BROWN: Not enough, I would say, but anyway, that was just my little thing. I want to ask about the Hobart airport roundabout. When does the department expect the Hobart airport roundabout upgrade to be finished? Granted, I think it's included in a larger project within this documentation, if I can find it.

Ms Nattey: It's part of the Hobart to Sorell corridor, if that helps.

Senator CAROL BROWN: Exactly. That's the section that's been started. When do you expect that to be completed?

Ms Nattey: The project's currently under construction and due for completion in the middle of next year.

Senator CAROL BROWN: Are you happy with the actual design? I drove down there just this morning and it took forever to get through that area. Are you happy that the solution that's been decided upon is going to actually be an appropriate solution in a couple of years? It just seems like it's not the one that's going to work ongoing.

Ms Nattey: Again, through our governance arrangements with the Tasmanian government, I've been involved with this project for most of the last 2½ years. I'm confident that the design is allowing for a much smoother traffic flow between Hobart and Sorell. That's why it's counted as part of that corridor.

Senator CAROL BROWN: Sorry, Ms Nattey, but is it fit for purpose ongoing? That's my question, I suppose.

Ms Nattey: We've done the formal assessments of the design at the time it was presented as part of the project proposal report before it was approved by government. It was assessed by our internal engineers and our very experienced project managers.

Senator CAROL BROWN: When was that, sorry? Can you refresh my memory? It's another one that's taken a bit of time to get through the planning process.

Ms Nattey: I don't have the exact date, but it would have been assessed either in late 2019 or early 2020. I can come back to you with the date of that, if you like.

Senator CAROL BROWN: When was the commitment?

Ms Nattey: That's a good question. I'm not sure if I've got that right in front of me. I'll see if Mr Smith has that on his sheet.

Mr Hallinan: Senator, while we're waiting for that, the interchange at the airport, there's a really good website that the Tasmanian government's put up with an interactive map of what the new intersection will look like. If you look at that, it might provide you with some confidence about the project. You'll have a flyover and—

Senator CAROL BROWN: I appreciate that, but I have been there, going through it, travelling through it; not going through using a web based design. When was it committed?

Mr P Smith: The commitment was in the 2019-20 MYEFO process.

Senator CAROL BROWN: Do you do the Bell Bay port?

Ms Nattey: No.

Senator CAROL BROWN: I think that's all I have. I appreciate your responses.

Senator PATRICK: There are a couple of things I want to raise with you. One of them is the South Australian regional bulk port development—is it you I need to talk to about it?

Ms Nattey: I'm not familiar with that project.

Senator PATRICK: It's in the 2020-21 Infrastructure Priority List.

Mr Hallinan: In the Infrastructure Australia priority list?

Senator PATRICK: Yes.

Mr Hallinan: They're coming on next.

Senator PATRICK: Forgive me. I'm asking the wrong questions—well, the right questions, but the wrong people.

Senator RICE: I'll start with some reflections on the answer to a question on notice, which you've answered for me, about the breakdown between road projects and rail projects. That was question No. 176 last time. The answer was: 'Comparing the funding announced in the 2020-21 budget, 80.6 per cent relates to road transport and 19.4 per cent relates to rail transport.' So over 80 per cent of the infrastructure funding is going to road transport. Given that the government has made a lot of announcements in recent years about the importance that it places on rail projects, priority rail projects and fast rail projects, I'd like your reflection on whether this is an appropriate level of funding on road projects versus rail projects, and whether you foresee that changing in future budgets.

Mr Hallinan: I think that is just reflective of the government's existing policies around which projects it's funded. I don't think we can reflect on whether those policies are appropriate or otherwise. It's a nature and just a factual reflection of the existing policy settings.

Senator RICE: So a factual reflection says that, basically, existing policy settings are that 80 per cent of funding goes to road projects, compared with rail projects—that's the emphasis that the government's placing on road projects versus rail projects. Do you think that's—

Mr Hallinan: It is roughly 80-20, which I think is the discussion we had in the last estimates on it. Again, that's reflected in the question on notice. If you contemplate the size of the road network across the country versus the size of the rail network across the country, it might give an indicator as to where the expenditure goes and why I think the road network is a substantially larger beast.

Senator RICE: Does the government expect this sort of breakdown, that 80-20 breakdown, to continue in future budgets? Is there any expectation that that will change—perhaps Minister?

Senator Colbeck: Clearly the government will make decisions with respect to funding on individual projects and elements of the transport infrastructure network based on, particularly, the growth demands and needs of the network. I'm not sure—I'll have to clarify this for you—whether the rail projects actually include the Inland Rail project, which is a separate project again, which would be a fairly significant one as well. I don't know; I'll check that for you.

Senator RICE: Given that there has been a good deal of emphasis in the last few years on investing in rail, does the government expect that we will ever have a rail network that will meet the requirements of the community for providing fast, frequent, reliable, affordable, safe rail transport, with only 20 per cent of infrastructure funding being spent on rail projects?

Senator Colbeck: I suspect that a large influence on that will be the cost-benefit analysis that's done with respect to the various elements of the transport infrastructure network. As Mr Hallinan has said, the road transport infrastructure network is a significant one. There are significant elements of demand on it. We had a long conversation with Senator Sterle just prior to dinner with respect to improving the safety elements of it. So there's going to be continued demand for expenditure on that. I suspect that over time governments of all persuasions will make decisions with respect to how they allocate funding across the transport infrastructure network.

Senator RICE: That cost-benefit analysis only gets done on projects that are actually being considered for funding. There are many public transport projects that the government has not considered for funding, for which there is a very good business case, so that if the cost-benefit analysis and the business case were done, there would be a good chance, but they never get to actually even be considered. I'm thinking about projects, for example, like Melbourne Metro 2, which no government is talking seriously about currently. So it never gets a chance to actually be assessed against other projects.

Senator Colbeck: Well, again, governments, I think reasonably, make those decisions as to what their infrastructure spending priorities are, and they look at the evidence as to what the demand and the needs of the infrastructure network are as a part of that decision-making process. We have those conversations on an ongoing basis with the states and territories, and of course we have Infrastructure Australia that provides us with some advice in the context of what we might be looking to into the future as a part of the development of our infrastructure network.

Senator RICE: Can I confirm then, Minister, that you think that the 80-20 split is an accurate reflection of the government's priorities for funding road projects versus rail projects?

Senator Colbeck: I would suggest that it actually reflects the demands we see on the network at this point in time, and whether that changes or not will be a decision that governments will make based on their assessment of demands on the network.

Senator RICE: Transport planning tells you a lot about induced demand. If you provide more roads, people use the roads. If you have an inadequate rail service, people won't use the rail service.

Senator Colbeck: Well, Senator, I've answered your question, I think. As I said, governments of all persuasions will make those decisions based on their assessment of the demands on the network.

Senator RICE: I want to go to another answer to a question on notice about the infrastructure investment program map, which you said was updated as announcements are made by government or construction work begins on the project. The map includes project name, date of commencement, the type of project, commitment program, project status and the project location. Is it accurate then, that as soon as a new project comes in you update the map, or is it updated on a quarterly basis or something like that more regularly?

Mr P Smith: It's generally updated—there are two major updates. Obviously budget and MYEFO are fairly major updates, where they are put on. But we do like to try to keep it updated as projects are announced by the government. There may be some lag with that. I'm happy to go away and have a look at any that you think aren't on there that should be on there at this stage.

Senator RICE: I just want to get the data and have it available and have it transparent; if it is quarterly or monthly, or whatever, to have that data available. Would you be able to provide me with a snapshot at a recent point in time as to all of those projects?

Mr P Smith: It's updated as it goes through our project management system, and that generally gets reflected every month.

Senator RICE: Could I put on notice then for you to provide me with the last monthly update with all the details of all of the projects as per the categories that you outlined in your answer to my question?

Mr P Smith: We certainly can.

Senator RICE: I have one more, and this is getting down to some detail about a particular project that I asked about in general and was told that here was a better time to ask it. It's about the additional \$104 million that has been allocated to build a new overpass over the Hume Highway at McKoy Street on the south side of Wodonga, which was in addition to the \$60.5 million that was already allocated. What consultation was done with the local community, local council or other stakeholders to determine the need for an additional \$104 million for the overpass?

Ms Nattey: The project involves the construction of a grade separated interchange at the intersection of McKoy Street and Old Barnawartha Road with the Hume Highway in Wodonga. The state government has done the consultation. I don't have a list of those people consulted, but the state government has been consulting with the local community on this particular project commitment. During 2019 there was \$64 million committed to the project, and in the 2020-21 federal budget there was a further \$104 million committed as a result of Victoria providing the Australian government with some analysis of what was going to be possible at that intersection.

Senator RICE: Is that \$164 million in total the total cost of the project, or is the state government putting money in as well?

Ms Nattey: The state government has committed its 20 per cent against the federal government's initial commitment in 2019, and the state government has said that once the final scope of the project has been settled it will then put forward consideration through its own budget process for its contribution to the project.

Senator RICE: What does the federal government expect the total budget cost is going to be then?

Ms Nattey: It is \$210 million, based on a very high-level estimate that point. That's without it being a detailed design.

Mr P Smith: We'd expect it to be funded on an 80-20 basis.

Senator RICE: Certainly, it's an expensive project. Has the federal government conducted a cost-benefit analysis of the project?

Ms Nattey: We haven't received the design for that particular work, and it hasn't been brought forward to us in a project proposal report. As you know, Senator Rice, that is the way that the government then does its

assessment. We wait for that information to come forward to us from the state and then we can conduct our assessment.

Senator RICE: So you will do a cost-benefit analysis at that stage?

Ms Nattey: We will do our own assessment of the information provided by the state.

Senator RICE: Will you do a cost-benefit analysis?

Mr P Smith: Cost-benefit analyses are actually a requirement of the PPR process for a delivery PPR. So we will do a cost-benefit analysis.

Senator RICE: It seems to be completely topsy-turvy that there's a commitment from the federal and state governments to spend \$210 million on a project and that's actually already locked in before you do the assessment of whether the project is worth doing. It goes to the point that I was making before: you don't get to choose objectively between different projects. Basically, a commitment is made for a project and then, retrospectively, there's a justification for it. Would there be any chance at all that, having done that cost-benefit analysis, the government says, 'No, this isn't value for money and we're not going to proceed with this project'?

Mr P Smith: The government obviously needs to make a decision. The government has made a funding decision here. When we get the project proposal report we then provide that advice to the minister, and the minister needs to make a formal decision to commit that money.

Senator RICE: But, given the commitment has already been made to proceed with this project, I repeat my question: is there any chance at all that this project wouldn't be proceeded with if the analysis that's done, way after the fact that the commitment has been made, says it's not a value-for-money project and it's not the best project?

Mr P Smith: The business case will look at a variety of options around potential solutions, and the government will then make a decision as to whether it proceeds.

Senator RICE: But my question stands: politically, what are the chances that this project would not be proceeded with, even if the business case says that it's a pretty dodgy project?

Mr P Smith: That's not a question I can—

Senator Colbeck: That's a hypothetical question, quite frankly.

Senator RICE: It goes to the completely topsy-turvy way that we do transport planning in this country. It's crazy.

Senator Colbeck: You're welcome to your opinion on that.

Senator RICE: The 2021-22 budget allocates \$55 million to be spent next financial year. What will this component be spent on? In the absence of a business case or any justification for the project, there's an allocation of \$55 million.

Ms Nattey: Are we still talking about McKoy Street?

Senator RICE: Yes.

Ms Nattey: The funding is for the next financial year.

Senator RICE: Yes.

Ms Nattey: It is our expectation that in that period the state government will come forward with a business case, in early 2022, and we would then be in a position to negotiate a milestone.

Senator RICE: What's the \$55 million based on in terms of the budget allocation, in the absence of a business plan and in the absence of the state government's proposal to you at the moment?

Ms Nattey: It's currently—

Senator RICE: Where did you get the \$55 million from?

Ms Nattey: It's a proportion of the Australian government's commitment. The time at which the business case comes forward is the point at which we would have the discussion with the Victorian government on the nature of the milestones and what we could pay against.

Senator RICE: Thank you.

Senator WATT: I will come to the Urban Congestion Fund in a moment. In terms of the overall infrastructure pipeline from the government—and I think I've seen various comments from government ministers talking about a so-called \$110 billion infrastructure pipeline—I'm just interested in knowing a bit more about how much has

actually been spent compared to what's being promised. The budget papers suggest that there is \$10.4 billion slated to be spent in 2020-21. Can you see the figure that I'm referring to there?

Mr Caruso: Yes.

Senator WATT: Do you know how much of that has actually been spent so far?

Mr Caruso: As at the end of February, \$2.8 billion has been paid under the Infrastructure Investment Program. The Local Roads and Community Infrastructure Program is part of the \$10.4 billion, and a further \$450 million has been paid out under that program.

Senator WATT: To stick with apples and apples, of the \$10.4 billion figure that was committed in the budget papers, what has actually been spent, as of the end of February, is \$2.8 billion.

Mr Caruso: \$2.8 billion plus the \$450 million under the Local Roads and Community Infrastructure Program, so that would take it to—

Senator WATT: \$3.25 billion. And that \$450 million—what was the program, sorry?

Mr Caruso: The Local Roads and Community Infrastructure Program

Senator WATT: And the funding for that was part of the original \$10.4 billion?

Mr Caruso: Correct, Senator.

Senator WATT: With only four months to go, more than \$7 billion of the \$10.4 billion that was committed is yet to be spent?

Mr P Smith: I think it's worth noting we've also approved \$1.3 billion for March. Historically, the way the program has worked is that there's a ramp-up in the tail as you get closer to April, May and June. They're, traditionally, our largest payment months. That's probably even more heightened this particular year because of the stimulus projects, which, by their very nature, will be crystallising in and around that May-June time frame.

Senator WATT: Is it reasonable to expect, though, that not all of that \$10.4 billion that was committed for this financial year will actually be spent by 30 June?

Mr P Smith: It's probably fair to say that at the moment we're tracking according to the spend profile that we forecast.

Senator WATT: So you're confident that you'll get the \$10.4 billion out the door?

Mr P Smith: What I said was we're tracking to our current forecast spend. We're monitoring progress against all the projects on an active basis and raising it with states if there is any forecast slippage.

Senator WATT: Obviously, there's been a history of underspends on infrastructure over the last few years, but you think this is the year we're going to reverse it and actually spend what was committed in the budget papers?

Mr P Smith: So far to date, as Mr Caruso outlined, we've paid and approved about \$4.4 billion or \$4.5 billion.

Senator WATT: Okay. We'll see how we're going in May, I suppose. On the Urban Congestion Fund, you'd have to agree that there has been an ongoing issue with the delivery of projects under this fund, would you not?

Mr P Smith: I think we outlined in previous estimates that there was an ambitious timeline for delivery. It's taken some time to negotiate with the states to ensure that the Commonwealth's priority projects were agreed and put on their delivery schedule. That certainly took longer than we had anticipated.

Senator WATT: Of the total \$4 billion that was committed to the Urban Congestion Fund, how much has now been spent?

Mr P Smith: We have spent \$284 million to date.

Senator WATT: When is that to?

Mr P Smith: That is to the end of February.

Senator WATT: The end of February—wow! What was supposed to have been spent by the end of this financial year?

Mr P Smith: You mean compared to the original?

Senator WATT: Yes—when the \$4 billion was first committed.

Mr P Smith: I'd need to take that on notice.

Senator WATT: What was committed to be spent this financial year in the Urban Congestion Fund?

Mr P Smith: Our forecast for this financial year is \$483 million.

Senator WATT: How are we going as at the end of February?

Mr P Smith: It's \$129 million.

Senator WATT: Again, how confident are you that you'll reach the \$483 million by the end of June?

Mr P Smith: As I said, we're working with the states to ensure delivery. I can say that we have had 27 sites completed, 23 further are under construction and we'll have a further 35 by 30 June. So we are making good progress there.

Senator WATT: In a refreshing moment of honesty, Mr Atkinson, in our last estimates hearing—

CHAIR: Senator Watt, I think that's very harsh. Mr Atkinson is always trying to be helpful.

Senator WATT: Okay—in a particularly refreshing moment of honesty, Mr Atkinson explained that the \$572 million underspend through the Urban Congestion Fund for the last financial year was due to 'optimistic expenditure forecasts'. What work has been undertaken to make these funding promises more realistic?

Mr P Smith: We work closely with the states. They provide cash-flow updates twice a year. We work with them to analyse that, make sure that, where possible, we understand any optimism bias that may be inherent in there. Obviously with a fairly large program, there's always the likelihood that several projects may fall behind for whatever reason—delays in EIS or approvals. But we go through a fairly robust process with the states about their forecast delivery.

Senator WATT: Page 50 of budget paper 3 showed that the government planned to spend \$1.2 billion through the Urban Congestion Fund this year. That's a bit different to that figure you gave me before which was \$483 million. What am I missing here?

Mr P Smith: The \$1.2 billion is 2021-22.

Senator WATT: I see. Was it \$483 million for 2020-21?

Mr Caruso: Correct, Senator.

Senator WATT: In October last year, in a story reported by Channel Nine News, the government said that they expected to send \$700 million on the Urban Congestion Fund in the year to July this year. Do you expect that promise will be met?

Mr P Smith: I've outlined our forecast; it's about \$483 million.

Mr Hallinan: Senator, we reprofiled those estimates through the budget process last year, so presumably that quote will be from before the estimates were adjusted. It's worth noting that there is a curve that we tend to follow in the expenditure patterns for these programs and, at this stage, we're quite close to where would anticipate tracking to land the budget at the end of the financial year.

Senator WATT: You were giving me some numbers about the projects before—how many projects did the department initially expect to complete through the Urban Congestion Fund this financial year?

Mr P Smith: I don't have those figures with me, but what I can say is that we have completed 27. A further 23 are under construction, but I'll need to take on notice the detail of ones that we had originally forecast to complete.

Senator WATT: Some of those 27 completed projects would have begun before this financial year too, I assume?

Mr P Smith: The projects start at various stages, yes.

Senator WATT: Do you have with you the number of projects that you expect to complete this financial year?

Mr P Smith: No, I don't have that.

Senator WATT: Can you take that on notice for me and also advise how many have been completed and how many are under construction?

Mr P Smith: Yes.

Senator WATT: There's no forecast spending through the Urban Congestion Fund in either the ACT or the Northern Territory over the forward estimates. Does that mean someone has made a decision that there is no urban congestion in either of those territories?

Mr P Smith: That's correct; there are no projects under the Urban Congestion Fund in those territories.

Senator WATT: And why is that?

Mr P Smith: Decisions for projects are a matter for government, but I would say that there's a considerable amount of spending we're doing in the ACT on various road projects at the moment.

Senator WATT: But there is in other states as well though, isn't there, if that's the argument?

Mr P Smith: Yes.

Mr Hallinan: It's simply a matter of government policy about which locations those decisions are taken in.

Senator WATT: Are those two territories excluded from the Urban Congestion Fund?

Mr Hallinan: In the sense they haven't got any projects allocated to them, they're not currently participating in the Urban Congestion Fund.

Senator WATT: But there was no policy decision made to leave out the territories? It's more a matter of whether individual projects were there?

Mr Hallinan: There was no explicit exclusion.

Senator WATT: Over the forward estimates, the government plans to expend \$1.2 billion through the Urban Congestion Fund in Victoria but only \$500 million in New South Wales and \$618 million in Queensland. Why is there such a discrepancy between the states?

Mr P Smith: Project selection is a matter for government.

Senator WATT: The department doesn't provide any advice to government?

Mr P Smith: The department provides advice from time to time, but the decision on projects is a matter for government.

Senator WATT: So is the allocation of funds to different states based on departmental advice?

Mr P Smith: The allocation reflects the projects that were selected.

Senator WATT: I feel like we're going round and round in circles here. So it's ministers who've decided to spend twice as much in Victoria as in Queensland and more than twice as much in Victoria compared to New South Wales?

Mr P Smith: All projects there are decided by government.

Mr Hallinan: The decisions are taken through government processes. Our advice in those processes is cabinet in confidence as well, so I'm afraid we can't go too far into that.

Senator WATT: I have no doubt. So the department does provide advice to government about projects that could be funded out of this Urban Congestion Fund.

Mr P Smith: The way I've described it—I think we've answered questions on the process of advice that the department provided in the establishment of the UCF over previous estimates. Would it be worthwhile going back?

Senator WATT: Remind me: when the department is providing advice to government on projects that may or may not be funded from the UCF, how do you measure the level of need for a particular project?

Mr P Smith: Generally and as we did for the UCF program as a whole, the department does its own analysis. It looks at network congestion. It then has conversations with the states with regard to UCF-specific ones. There were general conversations about various pinch points across states. Then we provide advice to government, and government makes decisions on projects.

Senator WATT: So there is some data and evidence used for the department's recommendations?

Mr P Smith: Yes. At the time of the establishment, there was network modelling that was undertaken as well as conversations with the states but also looking at IA's infrastructure priority lists at that stage as well.

Senator WATT: Minister Fletcher is in charge of this program now, is he not?

Mr P Smith: Yes, he is.

Senator WATT: But prior to that it was Minister Tudge, who happened to be a Victorian. Did he ever express a preference to you for funding projects in Victoria?

Mr Hallinan: We can't answer that. That goes to cabinet considerations.

Senator WATT: No, I'm not asking about what he said in the cabinet room. I'm asking about what he has said to departmental officials.

Mr Hallinan: If it's part of the deliberative process, I think it's outside the scope of what we can answer in this committee.

Senator WATT: It's just pretty curious that Victoria gets twice as much as any other state. It was just coincidental that it was a Victorian Minister at the time?

Mr Atkinson: The state comparisons just reflect, as Mr Hallinan said, the make-up of the projects that were approved.

Senator WATT: You've told us it was a decisions for ministers.

Mr Atkinson: The government, yes.

Senator WATT: The government, yes—probably especially the infrastructure minister who was from Victoria!

Mr Atkinson: We can't comment on that, Senator.

CHAIR: That's a statement, Senator Watt—

Senator WATT: There was a question mark at the end of that.

CHAIR: Was there? Let's go to—

Mr Atkinson: An inflection!

Senator Colbeck: We'll take it as a comment.

Senator RENNICK: I mean you guys won't approve anything in the state of Queensland, so why would we try and give money to Queensland?

Senator CAROL BROWN: Gerard! Stop—

Senator RENNICK: We've been throwing money at Queensland for years, and you won't take it.

Senator CAROL BROWN: they're trying to ask some questions!

Senator WATT: You don't want to build infrastructure in Queensland?

Senator RENNICK: We've been trying to get stuff built in [inaudible].

CHAIR: Anyway—Senator Watt, it's your turn to ask a question. Off you go.

Senator CAROL BROWN: [inaudible].

Senator RENNICK: Senator Brown, I've been sitting here patiently listening to this garbage all day.

Senator CAROL BROWN: I know. You're just prolonging it now. Stop it.

Senator RENNICK: So you admitted it is garbage. Thank you.

Senator CAROL BROWN: No. I'm very interested in the fact that Mr Atkinson had to come to the table because he thought something was going to happen.

Mr Atkinson: We're very constrained by how many people we can have at the table, so that's why I've been coming up.

Senator WATT: It is the Urban Congestion Fund that we're talking about, is it not?

Mr P Smith: Yes.

Senator WATT: It's not the 'urban and certain other locations chosen by ministers fund'?

CHAIR: Senator Watt, come on—

Senator WATT: Because there's—

Senator RENNICK: [inaudible] the decisions, not the bureaucrats. Have you got a problem with that? It's not rocket science.

Senator WATT: We're lucky we've got you here, Gerard, aren't we? It's amazing how much you know.

CHAIR: It's eight o'clock. We all want to keep moving.

Senator Colbeck: The program is the Urban Congestion Fund, Senator Watt.

Senator WATT: Thank you, Minister. So why is it, then, that \$5 million has been allocated from this fund for a road upgrade in St Leonards, a town of about 2,500 people on the Bellarine Peninsula in Victoria? How's that urban? I can't hear you, Senator Rennick.

Mr Atkinson: I'll take that one on notice.

Senator WATT: Surely there's someone here who might be able to explain why a regional project has been funded from the Urban Congestion Fund.

Senator CAROL BROWN: Was it recommended by the department?

Senator WATT: Good question.

Mr Atkinson: I can't go into that, Senator.

Senator WATT: I reckon we won't be told.

Mr Atkinson: I'm just not familiar with that particular project.

Senator WATT: How did a project on the Bellarine Peninsula qualify for funding under the Urban Congestion Fund?

CHAIR: I think the department have just said they'll take that on notice.

Senator WATT: Well, I think Mr Smith is having a look at his paperwork.

Mr P Smith: Yes. I'm just seeing if I can actually locate it. There were—

Senator WATT: I might get the pronunciation wrong, but it is the Murradoc Road upgrade in St Leonards.

Mr Atkinson: I think I'll just take that on notice and get you an answer on it—how it fits within the program—

Senator WATT: I wouldn't mind an answer now, if we can get it.

Mr Atkinson: Sure—if they've got one.

Mr P Smith: There were a number of projects that were rolled in—this was an administrative roll-in of 18 projects announced as part of the 2019-20 MYEFO process. We think that was one of those projects. We'll just need to confirm that on notice.

Senator WATT: So they were pre-existing projects that were rolled into this fund?

Mr P Smith: Yes. There were pre-existing projects. We'll just take on notice the specific, but that's my understanding—it was one of those 18 that were rolled in at the 2019-20 MYEFO process.

Senator WATT: Could you, on notice, provide what the other 17 were?

Mr P Smith: Yes, of course.

Senator WATT: Are any of them in non-urban locations?

Mr P Smith: I don't have that list with me.

Senator WATT: Are you aware of whether, apart from this project, there are any other non-urban projects that have been funded from the Urban Congestion Fund?

Mr P Smith: I'd have to take that on notice.

Senator WATT: It's a bit like the swimming pools in North Sydney being funded from the regional sport—you'd remember that, Minister. The sports grants?

Senator Colbeck: Your assertion is actually wrong because the Prime Minister's press release when that program was announced indicated that it was for across all of Australia. You keep on saying it, but it's not necessarily true—

Senator WATT: A regional program?

Senator Colbeck: It's not true. I actually administer the program, so your assertion is not correct.

Senator WATT: So you're going to come back to us as to whether there are any other non-urban projects funded from the—

Mr Atkinson: We'll also come back to you about your initial assertion with respect to the project.

Senator WATT: I have just a few questions about specific other projects in the UCF. The government committed \$5 million to upgrade the Fitzsimons Lane and Main Road corridor in Eltham, in Melbourne's north-east. When will that project get underway?

Ms Nattey: I'll just have a quick look at my notes. Could you please repeat the question? There are two projects on Fitzsimons Lane.

Senator WATT: The one I'm talking about is a \$5 million project to upgrade the Fitzsimons Lane and Main Road corridor in Eltham.

Ms Nattey: There are two projects: one in Manningham council area and one in Nillumbik council area. The one in the Manningham council area is due to start construction in the first quarter of 2022. The project in the Nillumbik council area is also due to start in that same time frame, March 2022, and the design and development work is underway.

Senator WATT: I understand that part of the project involves installing a pedestrian crossing outside a retirement home. I guess I'm wondering why it takes so long to install a pedestrian crossing.

Ms Nattey: I'm not sure of the specifics on that one, but I'm very happy to provide a response on notice.

Senator WATT: The government has also committed \$50 million to upgrade each of the Hume and Calder freeways to Melbourne's north. How are those projects progressing?

Ms Nattey: Just give me a moment and I'll turn to those as well. The first of those is the Calder Freeway, Gap Road to the M80 Ring Road, project. The preliminary planning is underway. The completion of the strategic corridor plans and the investment pipeline is due at the end of next year. The interim findings are due in the middle of this year.

Senator WATT: That's \$100 million across two of Victoria's biggest roads. How far do you expect that to stretch, in kilometre terms?

Ms Nattey: Would you like an update on the Hume M80 and Western Highway M80 at the same time?

Senator WATT: Sounds good.

Ms Nattey: The Hume Freeway, Watson Street to the M80 Ring Road, is a \$50 million commitment. It is also in the preliminary planning stage. Victoria is looking at these three and, because of the intersection with the M80, is doing a corridor plan for each of the three commitments. The project proposal report for the Watson Street interchange works is expected in September of this year.

Senator WATT: The Brighton Road level crossing upgrade in Adelaide: how's that progressing?

Ms Nattey: Sorry, Senator, just to clarify: did you want an update on the Western Freeway M80 as well?

Senator WATT: Sure. That'd be great.

Ms Nattey: As with the others, it's in the planning process at the moment and due to commence construction later in 2022. Again, we'll have some interim findings in the middle of this year, and we'll be able to report back later in the year on those.

Senator WATT: Thanks. So the Brighton Road level crossing upgrade in Adelaide—could you give us an update on that one please?

Ms Nattey: South Australia has conducted community consultations in relation to the proposed design options for this project in recent weeks and is considering the outcomes of that consultation before determining the next steps.

Senator WATT: I understand there's been some community protest about that project. How many homes do you expect to be compulsorily acquired?

Ms Nattey: Until we receive a project proposal report, I don't have that information.

Senator WATT: Okay. Holdfast Bay council is supporting a rail-under model. How would that impact on costs on the project?

Ms Nattey: As I said, I don't have a project proposal report, so I don't then have the options made available to me as part of that, but I'm happy to take that on notice.

Senator WATT: Okay. Thanks. Again, I don't know about the pronunciation, but there's the Dunheved Road upgrade in Penrith?

Ms Nattey: One of my colleagues will come to the table.

Senator WATT: Actually, do you cover Queensland or WA?

Ms Nattey: No, I don't; Ms Rosengren does.

Senator WATT: Okay. Thanks.

Ms Legg: Senator, I'll just find the project—

Senator WATT: When it was announced ahead of the 2019 election, that project was planned to be jointly funded with the state, but I understand it's now fully federally funded.

Ms Legg: Correct. It's being delivered by the Penrith City Council.

Senator WATT: Why is the state now not contributing any funding?

Ms Legg: The original announcement made by the Australian government was just prior to the 2019 election. New South Wales didn't agree to co-fund that through the partnership agreement.

Senator WATT: They initially did, but then they backed out of it?

Ms Legg: I don't believe there was an original commitment from the New South Wales government.

Senator WATT: Okay. We might check that. My understanding was that it was to be co-funded when it was first announced, and then the New South Wales government didn't agree.

Ms Legg: Okay, I'm happy to see what I can find about the history there.

Senator WATT: If you could check that out, please.

Ms Legg: Sure. Happy to.

Senator WATT: According to the infrastructure department website, this project isn't due to start until 2023, which is about four years after it was announced. Why will it take so long to get started?

Ms Legg: I think there is quite an extensive amount of scoping and development happening at the moment on this project. The council are expected to award the tender, though, to undertake the investigations and detailed design next month. And we're awaiting the delivery PPR, which we will expect, probably, in about April 2022, and then construction is to start in January 2023.

Mr P Smith: I think it's fair to say that, with most projects, there's a lag time between announcement and commencement of construction.

Senator WATT: Four years is pretty long, though.

Mr P Smith: You've got to go through planning, design, procurement, approvals, so there is always a bit of a delay.

Senator WATT: What about the Boundary Road level crossing in Coopers Plains in Brisbane? Do you do WA?

Ms Legg: No, I don't.

Senator WATT: Okay. My next one's about WA. The Boundary Road level crossing, I know, is something the member for Moreton's been very active on over the years. Would it be fair to say this is one of Queensland's worst level crossings?

Ms Rosengren: It has certainly been identified as having issues, which is why there's Australian government funding to this project.

Senator WATT: And when is that project expected to be underway?

Ms Rosengren: They're currently finalising the business case, later this year, with construction to start next year.

Senator WATT: Next year. Okay. And what proportion of the spend is federal?

Ms Rosengren: Currently, we don't have a cost sharing for that, but it's been entered on a fifty-fifty basis, depending on what the final design costs come to.

Senator WATT: So it's likely to be 50-50?

Ms Rosengren: Yes.

Senator WATT: Okay. The last one is the Reid Highway and Erindale Road intersection upgrade in Perth.

Ms Rosengren: Yes?

Senator WATT: I understand the federal government's committed \$2 million for a business case. Is that correct?

Ms Rosengren: That's correct.

Senator WATT: The member for Stirling has previously suggested in advertising that the planning is underway and construction is starting soon. How soon will construction be starting?

Ms Rosengren: Currently, the Australian government has only made a commitment to the business case. The business case has been approved. It should commence later this month. The business case is due to be completed around September-October this year to enable a decision on whether construction should proceed. There's no funding currently for construction.

Senator WATT: Right. There's actually no decision to even fund construction, let alone start construction soon?

Ms Rosengren: No, that's just a business case funding.

Senator WATT: Right. Were you aware that the member for Stirling had been telling his constituents that construction is starting soon?

Ms Rosengren: No.

Senator WATT: But that's not correct, that statement?

Ms Rosengren: Currently we only have Australian government commitment for the business case.

Senator WATT: And \$2 million, clearly, wouldn't be enough to fund the highway intersection itself, would it?

Ms Rosengren: No. I think we had indicative costs of around \$170 million to \$200 million.

Senator WATT: Okay. Thanks. Can I turn to commuter car parks, still within this Urban Congestion Fund.

Ms Rosengren: Yes.

Senator WATT: I'm just flagging that it looks like I'm going to have some questions about Victoria. But before we get to that—generally, Mr Smith, are you the person to direct questions to, overall, about the commuter car parks?

Mr P Smith: Yes. Generally, yes.

Senator WATT: Are you satisfied with the delivery level of this component of the UCF?

Mr P Smith: I think, as answered previously today and also in previous estimates, that we had an ambitious time line. We've worked now closely with the states—

Senator WATT: 'Optimistic', I think, was the word.

Mr P Smith: I think I might have used 'ambitious'. Others might have used 'optimistic'—

Senator WATT: 'Ambitious' in brackets and used 'optimistic'.

Mr P Smith: Interchangeable, I'd say.

Senator WATT: Bullish?

Mr P Smith: Your words, not mine. And we work closely with the states to ensure that, again, the Australian government's priorities are on their schedules and getting delivered.

Senator WATT: I understand 67 commuter car parks were initially promised. Is that correct?

Mr Caruso: The total car parks committed are 47, Senator.

Senator WATT: 47?

Mr Caruso: Correct.

Senator WATT: Just remind me, were they announced in one lump sum or have they been announced over different packages?

Mr Caruso: There were multiple announcements. In early 2019, under the first set of projects announced under the Urban Congestion Fund, there were a couple of commuter car parks announced then which preceded the announcement of the Commuter Car Park Fund. The Commuter Car Park Fund was subsequently created in the 2019-20 budget, if memory serves, and a series of announcements made in the 2019-20 budget, and the 2019 election campaign; and, subsequent to the election, the car parks that had previously been announced—

Senator WATT: But it's 47 all up?

Mr Caruso: Yes.

Senator WATT: And does the government still anticipate delivering 47 projects?

Mr P Smith: The department's going to work closely with the states to ensure delivery of Australian government commitments.

Senator WATT: So no decision's been made to abandon any of those 47 projects?

Mr P Smith: That'd be a matter for the Australian government to announce, if there has.

Senator WATT: Okay. But—

Mr P Smith: I can take on notice any details.

Senator WATT: But that there have been none abandoned as yet?

Senator Colbeck: We'll have to take that on notice, Senator.

Senator WATT: Well, you'd know, wouldn't you, if any of the commuter car parks are no longer going to be delivered?

Mr Hallinan: The government's made no announcements of abandoning any car parks, Senator, but we can take the question on notice.

Senator WATT: Is the government considering abandoning any of those projects?

Mr Hallinan: That would go to a deliberative process of government, again.

Senator WATT: I can hear Mr Atkinson up the back there! So it's possible some will be abandoned?

Senator Colbeck: I think that's speculation.

Mr Hallinan: I can't speculate, Senator.

Senator WATT: Well, it either is or it isn't.

Senator Colbeck: You're speculating. There have been no decisions to do that.

Senator WATT: Can you rule out any of those 47 projects being abandoned?

Senator Colbeck: I'm not speculating either.

Senator WATT: Mr Hallinan, can you rule out any of those 47 projects being abandoned?

Mr Hallinan: I'd be speculating.

Senator WATT: So you can't rule that out?

Mr Atkinson: Do I need to come up?

Senator WATT: I know what you're going to say—that it's subject to cabinet processes. But the fact is you can't rule out some of those—

Mr Atkinson: What I can say is that, each year, the government considers its decisions on projects in front of it and makes decisions.

Senator WATT: Including ones that it's already announced in the run-up to an election that it might then walk away from?

Mr Atkinson: I couldn't comment or speculate on any of that.

Senator Colbeck: You can't ask the officers to speculate.

Senator WATT: I think it's pretty clear that you're not ruling it out—and, from the shuffling of papers at the table, I think there might be something to be told here. We'll just have to wait and see, I suppose. Has the department provided any advice to government that commuter car parks should be not proceeded with?

Senator Colbeck: Can't answer that question either, because that would go to advice. You might have to ask—

Mr Atkinson: Any considerations of that type would be advised in the budget processes, I'm sorry.

Senator WATT: Last time we received an update, only four projects were under construction. How many are under construction now?

Mr P Smith: Specifically relating to car parks?

Senator WATT: Community car parks, yes.

Mr P Smith: Two are complete. Unfortunately, I've put a little bit of sticker here on top of mine—three are under construction.

Senator WATT: Right. So, of the 47 announced, only five have even begun?

Mr P Smith: You asked for 'under construction'. Planning work is underway on a number of car parks as well.

Senator WATT: Do you have a number for that?

Mr P Smith: I'd need to take on notice the specifics, but they are actually in the documents we tabled.

Senator WATT: Which are the two completed ones?

Mr P Smith: Beaconsfield and Hurstbridge.

Senator WATT: Okay. How much was paid for each of those car parks?

Mr P Smith: I'd need to take that on notice. I'll just check with the team if they've got the details of the cost of those car parks.

Senator WATT: Okay. That's not in your table?

Mr P Smith: Not in my table, no.

Senator WATT: Okay. If you can take that on notice for us, and maybe what the expected—

Mr Atkinson: I think Ms Nattey has the answer. Would you like her to come up to the table?

Senator WATT: Sure.

Ms Nattey: Senator, could you please repeat the question?

Senator WATT: I'm just wondering how much was paid for the two car parks that have been completed.

Ms Nattey: The Beaconsfield car park was a joint commitment with the state government, and each government contributed \$2.35 million.

Senator WATT: So it was \$4.7 million all up?

Ms Nattey: That's right.

Senator WATT: How many car parks did we get for that?

Ms Nattey: I don't have that in front of me, but I can find out for you and probably tell you by the end of the evening's session, if that suits?

Senator WATT: Thanks. What about the other one?

Ms Nattey: The second one was Hurstbridge. Again, each of the governments contributed 50 per cent—\$1.5 million each.

Senator WATT: So a total of \$3 million?

Ms Nattey: That's right.

Senator WATT: Again, if you could get back—

Ms Nattey: I'll come back to you with the numbers on that, too.

Senator WATT: Thanks. Has there been any cost-benefit analysis carried out for this scheme as a whole or for individual projects?

Mr P Smith: Individual projects—as with our answer to Senator Rice's question, when we get a delivery PPR there must be a cost-benefit analysis done. Each and every time we get that, the state or the council will provide that with that.

Senator WATT: For each of the car parks?

Mr P Smith: For each of the car parks, when they get into the delivery stage.

Senator WATT: Could you table the cost-benefit analysis for each of the five projects that are either completed or under construction?

Mr P Smith: Yes, I'll take that on notice.

Senator WATT: The *Herald Sun* in Melbourne has reported that 'Liberal insiders say the commuter car park fund was drawn up to protect the party's at-risk seats.' Minister, is that a fair comment?

Senator Colbeck: We're looking for a reliable source, are we? 'Liberal insiders'—unnamed people mentioned in a newspaper article.

Senator WATT: Shouldn't we rely on insiders?

Senator Colbeck: I haven't seen the article, so it's difficult to comment. But, clearly, it's a program that we're undertaking to try and relieve some issues that exist in urban areas.

Senator WATT: Ms Nattey, that article also suggested that some of the projects in Victoria are very difficult to deliver and may require compulsory acquisitions, including at Glenferrie, Camberwell, Canterbury and Balaclava. Are there any plans to compulsorily acquire land for these or any other commuter car park projects?

Ms Nattey: I've been involved in negotiating the commuter car park program with the Victorian government for the last 18 months, and I haven't had any discussions about compulsory acquisition of property.

Senator WATT: So you think that, if there is any acquisition required for the car parks I listed, it should be able to be done voluntarily?

Ms Nattey: As I said, it hasn't come up as part of the conversation. The car park sites that have been viewed as options are sites where there is an existing gravel car park, for instance. But it hasn't triggered any discussion around compulsory or voluntary acquisition.

Senator WATT: That report in the *Herald Sun* also suggested that the South Morang Station car park is no longer going to be built. Is that true?

Ms Nattey: I think that goes to a question that I'll have to come back to you on notice on.

Senator WATT: Alright. It sounds like there might be something there. Are there any other projects that will not be delivered as promised?

Senator Colbeck: I think we've answered the question.

CHAIR: I think we've covered off on this one, Senator Watt.

Senator WATT: Estimates is about finding out the things that people don't want to talk about, isn't it?

CHAIR: I appreciate—

Senator Colbeck: If you don't ask, you don't get. I accept that. I've been where you are.

Senator WATT: You always know when you're onto something, don't you? Has the department completed any modelling on the impact that these car parks will have on urban congestion? Is that part of the cost-benefit analysis that you undertake?

Ms Nattey: As part of the project proposal reports that come forward for the delivery phase, each of the delivery proponents would be providing that information.

Senator WATT: I'm aware that the Auditor-General is conducting an inquiry into the selection and delivery of projects through this program. What role has the department had in that inquiry so far?

Mr Hallinan: It's a performance audit being undertaken by the ANAO. We're participating with the ANAO's audit.

Senator WATT: So you've provided information to them?

Mr Hallinan: They've got full access to our records. We've been responding to questions. We're probably midway through towards the tail-end of the audit process, I think.

Senator WATT: Thanks. I think that's it for UCF. There wasn't anything there that you needed to update us on?

Mr P Smith: No.

Ms Nattey: I'll come back to the table if I get those numbers.

Senator CAROL BROWN: I have a quick question about the Urban Congestion Fund in Hobart.

Ms Nattey: Yes?

Senator CAROL BROWN: I wonder whether you could give us a quick update on the \$25 million that's been committed. It's been in the planning stage for a while. It was first committed in, I think, the election of 2019.

Ms Nattey: Senator Brown, just to clarify: are we talking about the Hobart Congestion Package?

Senator CAROL BROWN: The Hobart Congestion Package out of the Urban Congestion Fund.

Ms Nattey: The project's currently in planning, and the department's continuing to work with the Tasmanian government and the local government authorities to identify the suitable projects.

Senator CAROL BROWN: Yes, but that's been going for a while.

Ms Nattey: It has.

Senator CAROL BROWN: Is there any light at the end of the tunnel?

Ms Nattey: Well, I think what we can say is that the discussions are ongoing and that we hope to settle the scope of projects under that \$25 million in due course.

Senator CAROL BROWN: Have you paid forward any of the funding?

Ms Nattey: We haven't, Senator.

Senator CAROL BROWN: It's 100 per cent Australian government funded, isn't it?

Ms Nattey: That's right.

Senator CAROL BROWN: What's the hold-up? What's the problem?

Mr Hallinan: It's a complex negotiation and we don't have a clear end date for it either. We'll continue to work with the jurisdiction on options available.

Senator CAROL BROWN: Why is it complex?

Mr Hallinan: Identification of suitable projects through the package.

Senator CAROL BROWN: How often do you meet?

Ms Nattey: We meet on at least a monthly basis with the parties to the Hobart City Deal. This commitment was made as part of that Hobart City Deal. That includes the four Hobart based councils, the Commonwealth and several departments within the Tasmanian government.

Senator CAROL BROWN: The state departments.

Senator Colbeck: That explains why it's so complicated.

Senator CAROL BROWN: I wasn't going to say that, Minister!

Senator Colbeck: You know them like I know them.

Senator CAROL BROWN: Are you part of the discussions, Ms Nattey?

Ms Nattey: Yes, I'm involved with those discussions.

Senator CAROL BROWN: I'm hoping for you to lead us through this. My question was: is there any light at the end of the tunnel? I mean, it's been nearly a couple of years and we haven't got any projects at all agreed.

Ms Nattey: We are continuing our discussions.

Senator CAROL BROWN: And, while you're doing that, we're all stuck in the traffic jam. It is an issue in Hobart. Took me an hour and 10 minutes to get through today.

Senator Colbeck: It's relative, Senator Chisholm. It's all relative.

Senator CAROL BROWN: Not one project has been agreed?

Ms Nattey: We have not agreed a project.

Senator CAROL BROWN: I appreciate that update. Thank you.

CHAIR: Thank you very much. Senator Chisholm, do you have questions?

Senator CHISHOLM: Thanks. Yes. I have questions around the Local Roads and Community Infrastructure Program. This is the right area, isn't it?

Mr Hallinan: Yes, that's right.

Senator CHISHOLM: How many councils have now applied for funding for projects under this program?

Mr P Smith: There are two stages to the project.

Senator CHISHOLM: The extension was announced in the 2020-21 budget?

Mr P Smith: Correct. Regarding the first one, which was the earlier announcement of the \$500 million, all councils have signed up to that. So far, regarding phase 2, 440 councils have also signed up for that.

Senator CHISHOLM: How many individual project applications have been received?

Mr P Smith: Five thousand projects have been nominated across both programs and 4,000 have been approved.

Senator CHISHOLM: Would you be able to split that amongst the two different programs?

Mr P Smith: Yes, roughly. Projects approved under stage 1 amount to about 2,800, and, roughly 1,100 to 2,200 under phase 2. But we can certainly give you the specifics.

Senator CHISHOLM: How many applications are with the department awaiting approval?

Mr Caruso: Approximately 1,000 projects are with us at the moment for approval.

Senator CHISHOLM: When were those applications received?

Mr Caruso: Most likely in the last two to four weeks—mostly towards two weeks.

Senator CHISHOLM: What is the standard turnaround from lodgement to approval for these project applications?

Mr Caruso: I'd have to take that on notice for you, but we endeavour to get back within two to three weeks.

Senator CHISHOLM: It seems pretty rapid. How much funding has now rolled out, and how many councils are awaiting payments from the department to be delivered?

Mr P Smith: It's worth noting that the way the payments are structured is that 50 per cent is paid once the project's approved, and then 50 per cent at the end. We've paid, across the two programs, \$450 million.

Mr Caruso: Just to add to that, we have provision to pay as often as weekly, as needed, as we approve the projects. Payments to the councils follow pretty shortly thereafter.

Senator CHISHOLM: So there would be some councils waiting on payments at the moment, but—

Mr Caruso: Councils who've had projects approved in the last week or so.

Senator CHISHOLM: But the turnaround time's pretty quick?

Mr Caruso: Correct.

Senator CHISHOLM: Have any councils written to the department requesting extensions to project deadlines?

Mr Caruso: A number have under phase 1. I don't have the precise number in front of me.

Senator CHISHOLM: Would you be able to provide us with a list of those councils?

Mr Caruso: I can take that on notice.

Senator CHISHOLM: Were these approved?

Mr Caruso: The guidelines provide that, where there are exceptional circumstances, we're able to approve a delay. So there certainly have been some that have been approved.

Senator CHISHOLM: All of them?

Mr Caruso: I'd have to take that on notice, Senator.

Senator CHISHOLM: For what reasons were the extensions approved?

Mr Caruso: I'll give you two examples, and probably provide more detail on notice, if that would assist?

Senator CHISHOLM: Yes.

Mr Caruso: I'm aware of one case where a council had gone out to the market, had put a tender out, and only one person responded to the tender. They made the decision that going with that provider wouldn't provide a value-for-money outcome, so they decided to re-approach the market and re-tender for that work. Another example is in some remote Indigenous communities, particularly navigating around the wet season, and this being a new program, they asked for some additional time to finalise the projects in their area. As general context, though, I would say that we get quarterly reporting from councils on the program. The most recent reports we got were as at the end of December. At that stage, more than half of the projects under phase 1 were either completed or under construction already.

Senator CHISHOLM: Have any extensions been provided to bushfire affected councils? If so, what councils were these?

Mr Caruso: I'd have to take that on notice.

Senator CHISHOLM: Do you know if they had applied?

Mr Caruso: None that I recollect, but I'll take it on note to make sure I give you an accurate response.

Senator CHISHOLM: How did the government calculate the funding allocations for the extension of the program?

Mr Caruso: The government allocated funding for phase 2 of the program on a formulaic basis: 50 per cent of the funding was allocated on the basis of the population in the local government area, and 50 per cent of the funding was allocated using a formula which determines the council's Road to Recovery funding. It goes to road length in the jurisdiction.

Senator CHISHOLM: That was different to phase 1, though, wasn't it?

Mr Caruso: The weightings were changed, yes.

Senator CHISHOLM: What was the difference?

Mr Caruso: Phase 1 just used the Roads to Recovery shares.

Senator CHISHOLM: Did the minister for local government or the department receive any correspondence from councils regarding the change in formula for the extension of the program?

Mr Caruso: Post the announcement?

Senator CHISHOLM: Yes.

Mr Caruso: Yes, I'm aware of some correspondence.

Senator CHISHOLM: Was that critical of the decision, broadly speaking?

Mr Caruso: There were some councils who raised concerns with the change in formula, yes.

Senator CHISHOLM: How did the minister for local government make the decision to adjust the formula?

Mr Caruso: That was a decision made by cabinet.

Senator CHISHOLM: What involvement did the department have? Did you provide advice on different models or how it would impact?

Mr Caruso: I won't go into the nature of that. We provided advice in the government forming that decision. I won't comment on what kinds of advice we provided.

Senator CHISHOLM: Mr Hallinan, did you have something you wanted to add to that?

Mr Hallinan: I was just going to say that the advice we provided into the cabinet process isn't something that we can respond on here.

Senator CHISHOLM: Did the minister for local government undertake any consultation with councils prior to changing the formula?

Mr Caruso: I'll have to take that on notice.

Senator CHISHOLM: Are you aware of any meetings or letters that would have been written regarding it?

Mr Caruso: I'll have to take it on notice. I'm not sure.

Senator CHISHOLM: Was the consultation undertaken with both metropolitan and regional councils?

Mr Caruso: I'll add that to the—

Mr Hallinan: I think we should just take on notice the detail of questions attached to the change in funding methodology between round 1 and round 2.

Senator CHISHOLM: Inquiries have been received from community groups across the Brisbane region regarding the program following the installation of grant signage at council grounds. What consultation is required between council and local organisations as part of the delivery of the projects under this program?

Mr Caruso: The projects are nominated by local councils, and so it's a matter for them in terms of what consultation they undertake with their local communities.

Senator CHISHOLM: Is the minister for local government or the department informed of what consultation has taken place as part of the application process?

Mr Caruso: No, not typically.

Senator CHISHOLM: What signage is required to be installed under this program as construction is underway?

Mr Caruso: There is a sign required to be installed. The detail of those signage requirements is also available on our website.

Senator CHISHOLM: Do you know what they are? Are they specifications? Are they that strict in terms of—

Mr Caruso: It specifies the size and the wording that is on the sign.

Senator CHISHOLM: What has to be on there.

Mr Caruso: Correct.

Senator CHISHOLM: Under the program, the guidelines advise that projects must deliver benefits to the community such as improved accessibility, visual amenity and/or safety. Examples of works listed include closed-circuit TV. Has the department received any applications for closed-circuit TV from councils who missed out on funding or received a significantly reduced level of funding under the Safer Communities program administered by Minister Dutton?

Mr Hallinan: That program is a Home Affairs program, and we don't hold information on it. I don't think we can actually respond to the question about whether or not an applicant has been successful in another portfolio's program. That's a difficult one for us to answer.

Senator CHISHOLM: Well, it was administered by Minister Dutton's department but it went to local governments.

Mr Hallinan: It may well have gone to local governments, but we don't administer it and we don't hold the information on it.

Senator CHISHOLM: How much funding has been approved for improving safety and security of communities, including the installation of street lighting and CCTV cameras under this program?

Mr Caruso: I can advise that at least 60 projects have been approved under this program for closed-circuit TV. I'd have to take on notice further detail on other projects which provided—

Senator CHISHOLM: Street lighting as well.

Mr Caruso: Yes. I'll have to take that one on notice.

Senator CHISHOLM: Please take that on notice and provide a list of which councils they were.

Mr Caruso: I will. I will just correct the record. I think I said our funding formula was half population and half Roads to Recovery. It was actually one-third Roads to Recovery, under phase 2, and two-thirds population.

CHAIR: I think that brings us to the end of Infrastructure Investment Division.

Infrastructure Australia

[20:35]

CHAIR: Senator Sterle, are you going to start? Thank you.

Senator STERLE: Thanks, Chair. In February, Infrastructure Australia released the 2021 Infrastructure Priority List. Could you please give us a rundown on where IA's priorities lie on a state-by-state basis and regional versus urban, for example?

Ms Madew: Certainly. In February, as you quite rightly said, we released the latest Infrastructure Priority List, which included 44 new proposals across a broad spectrum of transport and energy, water waste, telecommunications and social infrastructure. I'll firstly just do the question on which states and territories, and then I'll go to regional versus urban.

Senator STERLE: Thank you.

Ms Madew: Looking at the ones from this year that were added, New South Wales was seven, Victoria was two, Queensland four, national—I just want to check something.

Senator STERLE: New South Wales was seven?

Ms Madew: Just hold on a moment, Senator. We'll come back to that one.

Senator STERLE: Sadly, I'm not going anywhere for a while!

Ms Madew: I just want to pick up your question on regions versus urban. We now have 180 projects and initiatives on the priority list, and over 50 per cent of those now support regional, rural or remote Australia. Across Australia there are 180. In looking at this year and just the initiatives, for New South Wales we had five for high-priority initiatives; Queensland, one; South Australia, two; and the Northern Territory, one. That was just high-priority initiatives.

Senator STERLE: If it won't take long and if you don't mind, what are those?

Ms Madew: Sure. Do you want me to cover the national initiatives as well?

Senator STERLE: Yes. These are the priority ones?

Senator McKENZIE: High priority, I think, are the most important.

Ms Madew: Yes, let's just do the high priority ones. For the national, these are IA initiatives. The first one is enabling digital health services for regional and remote Australia. The second is dispatchable energy storage and firming capacity. The third is renewable energy zones expansions. The fourth—this is still the national ones—is regional telecommunications transmission capacity. For New South Wales, the first is digital infrastructure to enable smart technologies in Western Parkland City. The next one is Greater Sydney water security. The next one is the New South Wales social housing program. The next one is Parramatta Outer Ring Road capacity. The final one for New South Wales is Western Sydney Freight Line and Intermodal Terminal. For Queensland, it is South-East Queensland level crossing congestion and safety. South Australia has Adelaide Outer Ring Route capacity and South Australia road network maintenance. The Northern Territory one is enabling infrastructure for developing the Beetaloo Sub-basin. They're just the high-priority initiatives, and there are 13 of those, and then there are another 26 priority initiatives.

Senator STERLE: Good. We'll get you to table the whole lot.

Ms Madew: Would you like us to table that to the committee?

Senator STERLE: Yes, that's fine, when you're finished. Thanks. So the Morrison government has increased the proposed cost of projects needing to be examined by IA from \$150 million to \$250 million—is that correct?

Ms Madew: That's correct.

Senator STERLE: How does that impact scrutiny on government infrastructure spending?

Ms Madew: Could I just clarify on the threshold: the threshold was actually a decision of national cabinet.

Senator STERLE: Oh, good.

Ms Madew: That was made in December 2020. National cabinet agreed that Infrastructure Australia will now evaluate project proposals which require more than \$250 million. This means that we're assessing the business cases for larger, more complex infrastructure proposals, while smaller projects will no longer fall within our remit. Sorry, Senator, what was the next part of that question?

Senator STERLE: How has it impacted on the scrutiny of government infrastructure spending now we've moved up to \$250 million?

Ms Madew: The department will continue to review those projects that come through under the project proposal reports that are required. All states and territories have infrastructure bodies. So they'll go through their state bodies and they'll also still go through the department, and the project proposal report will still be required.

Senator STERLE: Does the Infrastructure Australia board review and approve business cases or does the sign up come from your team?

Ms Madew: Sorry, could you say that again?

Senator STERLE: Is it the board that reviews and approves business cases or does the sign off come from your team? This is with processes and conflicts of interest.

Ms Madew: Sure. Projects will come in for evaluation. We'll review those projects and we will seek external advice, depending on what the project is. If it's specifically a transport one, we will get an assessor who has that type of experience—energy, water and so on and so forth. We start with, independently, the team, Robin Jackson's team that's here with me, and an assessor will review it. That goes through and then we have another function, internally, which is panelled and meets every week. We have our own internal process. So it's reviewed externally with our team's support. It's reviewed internally with our own panel. And once a decision is agreed by the internal panel it goes to the board for discussion and final agreement on what happens.

Senator STERLE: How many business cases has the Infrastructure Australia board reviewed in the past year?

Ms Madew: Eleven. One has been taken off because of the change in the threshold, so that's 10. Sorry, to clarify, do you mean financial year or calendar year?

Senator STERLE: Let's go with financial year.

Ms Madew: If we do calendar and this year—

Senator STERLE: What do you normally do?

Ms Madew: If we do last year and this year, it's 10.

Senator STERLE: That'll do.

Senator McKENZIE: Can I just clarify that it's only 10 business cases you've assessed or—

Ms Madew: Assessed in the last financial year.

Senator McKENZIE: Sorry, were they the only 10 that were submitted?

Senator STERLE: Do you mind? I've been sitting here just about all day.

Senator McKENZIE: Sorry, alright. Go for it.

Senator STERLE: Thank you very much. Sorry, what was I saying?

Ms Madew: If it's financial year, it's 10. If it's calendar year, it's 18.

Senator STERLE: Thank you. Does the board ever ask for further information on business case evaluations to inform their determination?

Ms Madew: Last year there was one business case, the Townsville ring-road, where the board requested additional information from the Queensland government.

Senator STERLE: What commercially sensitive information is typically included in a business case submitted to Infrastructure Australia?

Ms Madew: I'll refer to my colleague Robin Jackson.

Mr Jackson: The business cases that come to us include a range of information. Some of that can be commercially sensitive, including capital costs estimates. Typically, in our valuation summaries, which we publish on our website at the end of a review, we do publish capital cost estimates, including P50 and P90 and a range of benefit estimation as well. Sometimes a proponent will let us know that the project is an active procurement and, if that's the case, we will withhold some of the information to avoid influencing that procurement process.

Senator STERLE: How do you protect commercially sensitive information in business cases?

Mr Jackson: All the information that we receive is kept in confidence within the organisation. We have a range of probity and confidentiality processes in place to make sure the information is kept within the organisation.

Senator STERLE: Does Infrastructure Australia have a formal process for registering board member conflicts of interest?

Ms Madew: It certainly does. I'll answer that. We have a number of ways that we do that. As soon as a board member is appointed, they'll do their normal conflicts of interest. Every year we also do an annual update. And at every board meeting we also do conflicts of interests. If a board member—and, as you can appreciate, with the expertise we have 12 board members—has a conflict on a business case they will excuse themselves from the

discussion of that business case. With COVID, most of our meetings have been on Zoom for the last year. They'll leave the Zoom and not come back in until we've finished having that discussion on that business case.

Senator STERLE: Can you table that register?

Ms Madew: Of the conflicts?

Senator STERLE: Yes.

Ms Madew: Can I take that on notice and I'll check that with our own company secretary, legal counsel, so I can check that. I'm sure it's public though. I'll check.

Senator STERLE: That's fine. How many times over the past year have board members excluded themselves from contributing to a discussion on a business case?

Ms Madew: I would have to take that on notice. I know there have been a couple. I know in the last board meeting we had a couple who had to come out of the meeting. I would have to seek that information and take that on notice. We'd have to go back past through the past minutes.

Senator STERLE: As for the Chair, Ms Alroe: has she declared a conflict of interest or recused herself over the past year?

Ms Madew: I would have to clarify that. In the beginning of every board meeting, they update if they've been appointed to new boards or committees, and if they think there's a conflict they raise it. So I would have to check that.

Senator STERLE: If you could do that, that'd be good, thanks. Is Chair Ms Alroe currently a non-executive director of construction firm BESIX Watpac?

Ms Madew: She is.

Senator STERLE: Can you tell us when Chair Ms Alroe registered her position on the board of BESIX Watpac?

Ms Madew: I would have to take that on notice. I know it was last year and I know she advised the Department and the Deputy Prime Minister of that as well.

Senator STERLE: That's good, thanks. So whatever the date was, can you tell us how many business cases has Infrastructure Australia reviewed, approved or rejected?

Ms Madew: For the last year?

Senator STERLE: Yes.

Ms Madew: I can tell you that now.

Senator STERLE: This is financial year you're talking about?

Ms Madew: Let's do financial. For the financial year we assessed 11 and, as I said, one was discontinued due to the threshold change, so that was 10. Of the 10, five were supported and five were not recommended.

Senator STERLE: Okay. How many business case reviews has Ms Alroe participated in at any time where the project was awarded to BESIX Watpac?

Ms Madew: I'd have to clarify that and take it on notice.

Senator STERLE: Did Infrastructure Australia undertake a due diligence assessment of Chair Ms Alroe's appointment to BESIX Watpac to determine any real or perceived conflicts of interest?

Ms Madew: I know we had discussion about it at the time, so our company secretary would have looked at that. I'll take that on notice as well.

Senator STERLE: Thank you. If that is the case, if you could provide that to the committee on notice.

CHAIR: Senator McKenzie.

Senator McKENZIE: I have looked at Infrastructure Australia's high-priority list. I'm incredibly disappointed, as I'm sure the Chair is, as I'm sure Senator Davey is and as the entire National Party Senate team is about the lack of investment in your high priorities into regional Australia. I really want to understand why not one of your high-priority projects is in the regions.

Ms Madew: There are six high-priority projects and 17 priority projects—

Senator McKENZIE: I understand that. I've read the documents. You don't need to point me to the website. I know there are some projects in the priority list that are going to benefit the regions et cetera. But we're all sent here to bat on for the regions and in our government's high-priority infrastructure investment not one project is a regional Australian project. I want to understand why. I want to understand what methodology Infrastructure

Australia uses to assess their projects that results in this. I want to understand the use of the seven per cent discount rate, how that actually impacts decision-making and, knowing that agriculture in this country is a long-term investment proposition, what effort you make to ensure that that's part of your decision-making.

Ms Madew: Certainly. When we consider the projects that we have, both high-priority and priority, the projects that are currently on our Infrastructure Priority List is what we have received from the state and territory jurisdictions that are seeking to be included on the Infrastructure Priority List. So we're really looking for projects to be brought forward by proponents. That can be governments, community or industry—

Senator McKENZIE: Can councils? Can groups of councils?

Ms Madew: Councils can. Including this year, we have a number of initiatives on the priority list that came through from either an individual council or a group of councils, like South-East Queensland or south-east Melbourne. So, when you look at the projects and the initiatives on the IPL, we're drawing them from the submissions we've asked for. That's where we're getting those submissions from. Secondly, we get submissions that we, ourselves, call IA identified initiatives, which we have looked at through the work that we do. I appreciate that you've identified the high priority, and that the high-priority projects do not pick up regional projects, but when you consider the priority projects—

Senator McKENZIE: There are six priority projects that are located in the regions—

Ms Madew: That's what we've received—

Senator McKENZIE: I understand that, but I also understand how government works. High-priority projects are where we're going to end up focusing. Is your evidence today that jurisdictions aren't focused on the regions or that you're not focused on the regions?

Ms Madew: We're very much focused on the regions. We have a number of initiatives that we're working through. I do want to come back to your other two questions about the framework and the discount rates. We have been focusing very much on the regions. If you look at the Infrastructure Priority List over the last two years, this year and last year, you will see an overall increase in the number of regional, remote and rural initiatives and projects. We've also been allocated funding from the federal government to undertake a regional gaps analysis, which Mr Colacino can give you some more feedback on. That's working with all of the RDAs on identifying the areas we can include on the IPL. That's work that we will be undertaking and starting soon. I'll let him talk about that in a minute. I want to talk about the framework that you asked about. The assessment framework is being reset as we speak.

Senator McKENZIE: Okay, so talk to me about this.

Ms Madew: With the assessment framework, we are moving away from just focusing on the economic side, and we're taking a more strategic, social and environmental view. We're calling it Beyond BCR. When we look at projects, sometimes they'll have strategic merit. They might not stack up economically, if we're using a BCR, but they may have strategic or social merit. Under the reset, we are looking at how those projects will be assessed. We're working with all states and territories on the assessment framework reset. We have a jurisdictional working group looking at projects that we can put through that. With the assessment framework, there is work that's being done to ensure that it doesn't just look at—

Senator McKENZIE: If you have a methodology that simply focuses on certain variables as being the high priority, you're always going to find yourself investing in overpopulated areas. If you have a different methodology, you will find that investing in the regions and the infrastructure that grows our capacity can end up having a national benefit over time. Can I ask something, and I would like this on notice. I live in a state where our state government doesn't recognise anything outside the circumference of Melbourne, and I'm sure there are other—

Senator CAROL BROWN: Where do you live?

Senator McKENZIE: I live in Victoria.

Senator CAROL BROWN: Not Melbourne?

Senator McKENZIE: No, I don't, Carol. Please get your facts straight. If you want to defame me, get your facts straight. I don't live in Melbourne. I live in Wodonga, beautiful Wodonga. In my home state, we have a state government that is not interested in anything outside of Melbourne. I'm sure there are other senators who live in, maybe, Queensland, where they find it a struggle to get the Palaszczuk government to focus on anybody outside of the south-east corner and Brisbane.

When you say you assess projects that are brought forward by jurisdictions, I would like, on notice, a breakdown of which jurisdictions have actually looked outside of their capital cities to put forward projects that are positive for the regions. I really would like your answer on the high discount rate, the seven per cent—

Ms Madew: I'll talk to you about the discount rate. Just on that: it was not just the state governments that, as I said, we received proposals from. We get proposals from industry, community and local government. We can do a breakdown on what we received. We'll take that one on notice.

Senator McKENZIE: Thank you. I would really like that.

Ms Madew: On the discount rate: the discount rate is set by Treasury, and we are reliant on Treasury and the states and territories. From Treasury, then, we look at—

Senator McKENZIE: So I need to ask questions of—

Ms Madew: Treasury.

Senator McKENZIE: Steven Kennedy and Treasury about the discount rate, in the economics committee?

Ms Madew: That's correct. But just to give you an update on it: we have been in discussion with Treasury around the discount rate and there is work being undertaken by Treasury on the discount rate.

Senator McKENZIE: Yes. We need a formula that works for all Australians, not just urban Australians.

Ms Madew: If there's sensitivity analysis done that's not just seven per cent but looking at other percentages, we can also include that in the evaluation summary.

Senator McKENZIE: Fantastic. Do you think there's an unconscious bias in Infrastructure Australia towards urban projects over regional projects?

Ms Madew: Not at all. I would say we're very—

Senator McKENZIE: What would the evidence tell us?

Ms Madew: The evidence from this year would definitely show that we are very much focusing on the whole of Australia. If you were to look at all the work that we're doing, it would show that we've taken a broad view of regional, remote and rural Australia in the proposals that have been included and, as I said, of the 180 proposals on the IPL, over 50 per cent support regional, rural and remote Australia—

Senator McKENZIE: But none of them make it to the high priority list. You are saying 50 per cent. So we've got 180 on the list; 50 per cent are from the regions. And none of them are on the high priority list.

Ms Madew: The priority list that you're talking about is a full strategic case of a project that is seeking funding from the federal government, so a full strategic case has been done. The initiatives are identifying a problem or an opportunity, where we're hoping that proponents come forward and are seeking additional funding from the government themselves—they're identifying the opportunities. Currently, with the high priority projects, those that have been received from the jurisdictions are the ones that you have identified are just for urban projects, but, as to the priority projects, there are a number in there that are for regional, rural and remote Australia.

Senator McKENZIE: I'll have a number of questions on notice. Thank you, Chair.

Senator DAVEY: I've a supplementary question. You commented that you accept projects from anywhere and from a range of stakeholders. But how well is it known, particularly amongst rural and regional councils, that they can submit a project to Infrastructure Australia? And do you think you could communicate it better? How do you communicate it?

Ms Madew: We've used a number of different communications channels to advise. We've been doing this for a number of years. When we call for submissions, we always say: 'Submissions are open from anybody.' So it's quite clear. Some of it's through research, but, when we call for submissions, we're quite clear that it's government, community and industry. We do a lot of work with RDAs and a lot of groups around Australia—like where there are groups of local governments, whether that's in urban or rural areas. We do a lot of work in northern Australia. A majority of the people who are working with us are very aware that we accept proposals from different groups. We use all forms of social media to try to get out there. We're presenting constantly. Last year, Townsville council had a number of ideas for their area and region. Mr Jackson and I worked through all six of them with them, and we expect to see a couple of those coming through. So, if a council rings from anywhere in Australia and asks us for advice on how they could get onto the priority list, we're always available. They can do it through our website or social media, or, in some cases, we may just get an email—they may just email and ask if they could have a briefing on this, and we will give them a briefing.

Senator DAVEY: So you wouldn't accept it if a council comes to me and says: 'I had no idea'?

Ms Madew: There will be some councils in Australia that are not aware.

Senator DAVEY: Yes.

Ms Madew: But I speak at ALGA, the Australian Local Government Association, regularly, and at any of the forums—

Senator McKENZIE: [inaudible] councils, but anyway.

Ms Madew: Pardon? But any of the forums that are available, we speak at, and we always talk about the priority list. We suggest that people sign up to our newsletter so they're up to date when we're putting submissions out. So any way we can—it's in our best interests to get as many submissions as we can. We try very hard and any method to get the information out there, because then there's a richness to what we have and include in the Infrastructure Priority List. So we're very open, and we use examples of the fact that we have proposals that didn't specifically come from government but may have come from another proponent.

Senator McKENZIE: I was actually surprised at your answer to Senator Sterle's question that you'd only actually had 10 proposals come forward in one given year and 18 in another. I think that's—

Ms Madew: Sorry, that was just the financial year.

Senator McKENZIE: Either or. You are the peak recommender of major projects, so that's quite concerning in and of itself. I want to understand who on your board is from regional Australia. Is there a specific position dedicated to someone from the regions? That's on notice because I know there are other senators who have questions and I'm dropping in.

CHAIR: Thanks, Senator McKenzie.

Senator PATRICK: Just following on from that, the very example is where a council has put something in and it has been funded.

Ms Madew: I will just have to check but we may have to come back to you on that. We'll have to take that on notice.

Senator PATRICK: You can put a lot of effort into these proposals, and it would be good to have an exemplar project.

Ms Madew: Brisbane Metro is one that council put in, and that has been funded.

Senator PATRICK: Again, it is not a regional one, but I accept my question was—

Ms Madew: We will take that on notice and come back to you on that.

Senator PATRICK: Thank you. I want to go to a couple of projects on your priority list. One of them is national highway electric vehicle fast charging. I want to get an understanding. In 2019 you indicated in relation to that project that the next step was: proponent to be identified. Then, in this issue, the February 2021 issue, of the Infrastructure Priority List, the next step is: proponent to be identified. When will a proponent be identified? Is that the inhibitor to this project progressing?

Ms Madew: In the example you've given, that was an IA identified initiative. Through our research, we identified that that was an opportunity to include it in the Infrastructure Priority List. Then we would wait until a proponent—that's either the federal government or, in some cases, a number of states and territories could come forward with the proposal. Our role is to identify, our role is to advise and our role is to identify opportunities. With the electric vehicle charging, we've identified it and put it on the Infrastructure Priority List to draw attention to it.

Senator PATRICK: So your expectation is that a group of state ministers might put something to you. What about some of the charging networks themselves or the Electric Vehicle Council or someone like that?

Ms Madew: I'll pass to Mr Jackson.

Mr Jackson: As Romilly mentioned, when we identify an AI identified initiative, we do then call an advocate for state or territory governments, typically, to respond to that with their own local proposal. That might be a state- or territory-wide business case for investment, or it could be a series of smaller programs or other, more localised investments under that umbrella of initiative.

Senator PATRICK: I've watched ministerial groups, like the emissions ministerial group. It seems to just bog down. Is there a schedule that you put to these projects? Or do you just leave it in there, sitting there forever?

Mr Jackson: We do have a time frame on there, which identifies when we believe the time of the problem will become most significant, so there is a time imperative in there for actioning and addressing the issue. We also advocate quite strongly through the forums that Ms Madew mentioned around encouraging people to actually put

forward submissions for these. So a lot of our time and effort is actually advocating for people to put the business cases together to address the problems.

Ms Madew: I will just follow up on that. We also look at all the 180. As I said, we have 180 on there now. We don't just leave an initiative on there. We're constantly looking at it and, in some cases, we may either combine it with another initiative or remove it.

Senator PATRICK: Can you take on notice what interaction you've had with external entities in relation to this—particularly finding a proponent?

Ms Madew: Yes.

Senator PATRICK: Just in terms of funding, it seems to me you get a lot of projects that get on the list and then sit there. Is it the case that you get funding allocated by the federal government, and then that kicks off projects that are fully developed? How do you manage the expectation or the list of projects versus the funding that might be available from government?

Ms Madew: Funding is a matter for government, but I'll give you an example from the budget last year. There were a number of budget announcements on infrastructure, and a number of those were initiatives—so they hadn't done a full strategic business case, they'd just done a stage 1. A number of them were initiatives on the Infrastructure Priority List, so when the government made the budget announcements at the end of last year they were allocated funding. The department used the Infrastructure Priority List as a way of identifying opportunities, and that's just part of the process for budget consideration. A number of them don't stay on there. We highlight them and then—

Senator PATRICK: Going to what Senator McKenzie said about government focusing on the high-priority ones versus the priority ones, is that your experience of how money has been allocated to projects in the past—that it's the high-priority ones that get the money first?

Ms Madew: They're high-priority and priority projects. Of the 23, I think 19 have already been funded.

Senator PATRICK: Sorry, but I'm trying to understand the distinction between—

Ms Madew: There are high-priority projects and there are priority projects.

Senator PATRICK: Yes.

Ms Madew: There are regional projects within the priority projects.

Senator PATRICK: No, I'm trying to understand—

Ms Madew: On the high priority?

Senator PATRICK: Of those that have been funded to date, has it been predominantly the high-priority ones, or do the priority ones get a look-in as well?

Ms Madew: Both. We could take that on notice and, with the budget announcements, be quite clear on which ones were high priority and which ones were priority.

Senator PATRICK: Thank you. One other project I'm very interested in is the South Australian regional bulk port development. That started back in 2016 with an objective—the problem it was trying to solve was that South Australia has 10 fully operational mines, four approved under construction, and more than 20 projects at various stages ranging from exploration to pre-feasibility. Basically, those projects were, in some sense, frustrated by the lack of port facilities. At that point in time there were three proposed initiatives: an existing Whyalla port, the plan for Cape Hardy, and the Myponie Point bulk commodity export facility on the Yorke Peninsula. That was in 2016. I go to February 2019, and there are one, two, three, four, five proponents—six, actually. When I go to 2021, there are one, two, three, four, five, six, seven. If I were trying to send a confusing signal to industry, that would be the way I'd do it. I'd start with three proposals and end up with seven. I know that Cape Hardy has been funded, but I put it to you that this is actually creating confusion and not the sort of certainty that would inspire companies to invest. What's going on here? It seems to me like this is the perfect way to confuse entities that might benefit from port facilities.

Mr Jackson: The initiatives that are listed under the seven that you've mentioned are options that could be brought forward to address the problem. Ultimately, we'd expect the South Australian government to undertake a strategic review and then a final business case to identify which are the best options or the best investments.

Senator PATRICK: So when do you expect the South Australian government to provide you with that information?

Mr Jackson: The time frame is ultimately up to the South Australian government. That would be a question for—

Senator PATRICK: Have they indicated when they will supply you with a business case or a strategic proposal?

Mr Jackson: I'd have to take that on notice, Senator. We track when we expect the business cases to come through to us, so I've got a pipeline we could check.

Senator PATRICK: Has the Treasurer given any indication that the department intends to apply a use-it-or-lose-it approach to these projects? This is a project that started in 2016, or was nominated in 2016. Your five-year proposal means that this is outside of the medium-term—sorry, it is in the medium-term, but it should be in the delivery phase if it's a five- to 10-year proposal. It's still sitting there, more confused than when the project was first raised.

Ms Madew: This proposal on the Infrastructure Priority List is an initiative. It's put on the list as a proposal for consideration.

Senator PATRICK: So, what do I say? Is this lack of leadership from the South Australian government, in terms of trying to set out a plan for South Australia, or do you guys take some responsibility for progressing it, but in some sense in a worse way, creating more confusion?

Ms Madew: We're reliant on the information from the proponents—in this case, it's the South Australian government—to update the information that's on the priority list.

Senator PATRICK: You have no responsibility? There's no responsibility for you to look at what's happened in 2016, 2019 and 2021 and say, 'You know what? This is not making sense,' and raise a flag with a minister somewhere, or call the South Australian government—do anything? It's all passive: 'We're going to wait.'

Mr Hallinan: As a general principle, the proponents usually put forward the business case or the initial information through to Infrastructure Australia. I can take on notice for you, from the department's perspective, the engagement we've had with the South Australian government as well on that. You raise the notion of a use-it-or-lose-it principle being applied here. That's a matter of government policy that applies in one specific program that we've run, and there's certainly no use-it-or-lose-it principle applied in this context.

Senator PATRICK: I know you might use it for retention leases—for example, on the oil and gas project—but part of this may well be just the South Australian government. This crosses two governments: the Weatherill government and the Marshall government. I'm not playing politics here. It seems that someone's got to get out a big bell and ring it until someone pays attention and says, 'What the hell's going on here?'

Senator CAROL BROWN: Isn't that what Infrastructure Australia does? It's still on the books, so it's still in our focus. The idea is that these projects are highlighted either high priority or priority, and then it puts it back to the government to fund, in most cases. That's when it becomes the politics of it.

Senator PATRICK: The problem here is that this is an initiative that just keeps growing in options instead of crystallising into something that might be useful to South Australian mining companies.

Senator CAROL BROWN: You've got to go back to the government.

Senator PATRICK: I will. I'm going to take this back. I might write to them.

CHAIR: Do you want to take it back tonight, or perhaps tomorrow, Senator Patrick? What do you reckon?

Senator PATRICK: Sorry, I'm getting worked up, but it just there. It's a bit like Cape Hardy. Taking you through Cape Hardy, I sat here and asked Infrastructure Australia on several occasions. I asked, 'What are you doing?' and they said, 'Not very much.' And again, 'What are you doing?' 'Not very much.' I had to beat up Senator Cormann on several occasions to convince him it was a good idea to fund. Is that how this is supposed to work? I wonder whether you guys are driving this from your end, in a pooling model, to get people motivated.

Ms Madew: Our role is to advise government. We do that through a number of ways. One of them is through the Infrastructure Priority List. Another way is through our research and policy or work we might be doing on market capacity. We reach out to all the states and territories when we're updating the lists to say, 'Do you have any information you would like to include in the latest update?' We do use the list, and we work closely with the department on using the list to identify a potential pipeline.

Senator PATRICK: This is my last question. The department's undertaken to provide some indication of engagement with the South Australian government. Could I ask Infrastructure Australia to provide, on notice, a time line of discussions or meetings or correspondence it may well have had with the South Australian government. Then I might take it to the South Australian government once I establish what has and has not happened.

Ms Madew: Chair, do you mind if I just respond to one of Senator Sterle's questions?

CHAIR: Terrific.

Ms Madew: He asked about our chair, Julieanne Alroe. She did not have any conflicts in calendar year 2020 or 2021 to date, which means that none of the projects that came through had that organisation involved in the project.

Senator STERLE: That's calendar year?

Ms Madew: Calendar year, yes.

Senator STERLE: Could I find out for the financial year.

Ms Madew: Okay.

Senator CAROL BROWN: Can I ask about the Bridgewater Bridge?

Senator STERLE: Is that still going? Hasn't that been finished yet?

Senator CAROL BROWN: It hasn't started!

Senator STERLE: We've been talking about that for about three years!

Senator CAROL BROWN: You can take this on notice. I'm trying to understand the continuing involvement of Infrastructure Australia with the design and the planning of the Bridgewater Bridge. I know, from a couple of estimates, that the timely updating to Infrastructure Australia has not been occurring. We now have a person that's been engaged to drive the project, and I would like to know whether Infrastructure Australia is being given—

Ms Madew: Sorry, I was just checking. We have no ongoing engagement on the Bridgewater Bridge. That would be a matter for the department. We undertook a review of the business case—

Senator CAROL BROWN: Sorry, keep going.

Ms Madew: We have no more ongoing engagement on this project. We did a review of the business case in late 2018 and, in the middle of 2019, we concluded our assessment. We've had no ongoing engagement on this project.

Senator CAROL BROWN: Why is that?

Ms Madew: That would be a matter for the department. We publicly made our announcement on the assessment and—

Senator CAROL BROWN: Yes, I remember that that's what happened. But you don't—?

Ms Madew: Our role is just to evaluate a business case and to provide that to the department and the government. That's our role.

Mr Hallinan: There's a commitment to develop the Bridgewater Bridge. As you heard earlier, that's actively underway.

Senator CAROL BROWN: On the business case that was advised on by Infrastructure Australia?

Mr Hallinan: I couldn't tell you the precise details of that. It's a couple of years before my time. I'd be comfortable with just taking on notice the precise dates at which those things occurred. The business case and the cost-benefit analysis for the Bridgewater Bridge will come through to us in the usual PPR process as well. We have the Infrastructure Australia process and then the usual process under the land transport act as well in order to administer the program between the Commonwealth and the state.

Senator CAROL BROWN: Is it normal for Infrastructure Australia's involvement to stop at the business case?

Ms Madew: That's correct—unless an updated business case has been brought forward to Infrastructure Australia. We undertake a review of the business case, and that's the end of our role.

Senator CAROL BROWN: From memory, it was a less-than-satisfactory business case. Has an updated business case been brought forward to the department?

Mr Hallinan: I'll have to take on notice exactly where that's at. But it happens through the development PPR, as we described earlier this evening.

Senator CAROL BROWN: If you could take it on notice, I'd appreciate it. Thank you.

CHAIR: I have a question, but I'd like you to take it on notice, please. I am specifically referring to projects in Queensland—specifically the Townsville stadium, but it also applies to others. I'm told that we're having cost overruns on a number of projects because of new union rules, particularly around mandated EBAs on construction jobs, virtual compulsory unionism, which is resulting in a 15 per cent increase in labour costs, amongst others.

Would you be able to provide me with any information that you have on Queensland projects that have cost overruns? I assume you do some sort of project review at the end?

Ms Madew: Senator, we request post-completion reviews, but it's a voluntary requirement, not a mandated requirement. Townsville stadium is not a project that we reviewed, so we couldn't comment on Townsville stadium. And on cost overruns, that's not an area that we could comment on project cost overruns. That would be a matter for the states and territories, or whoever the proponent is on those.

CHAIR: I assume the federal government pays the proportionality—

Ms Madew: I would have to refer that to the department.

CHAIR: Alright. Could you take that on notice so that we can keep moving, please.

Australian Maritime Safety Authority

[21:21]

CHAIR: We'll now move to Australian Maritime Safety Authority. Senator Brown, would you like to commence questions? I'm sorry; I had promised Senator Patrick and he's looking at me like I've just cut his throat!

Senator PATRICK: Thank you very much. You're so kind. I just want to ask some questions about *Northern Endeavour*. I don't know if you've got someone who can answer questions in relation to that?

Mr Kinley: Yes, Senator.

Senator PATRICK: Okay. What's the current state of the *Northern Endeavour* in terms of material state?

Mr Kinley: I can't actually tell you that answer; we don't have jurisdiction over the *Northern Endeavour*. We are working with the industry department, though, with the task force, and we're about to have a person placed on that task force to work with the department.

Senator PATRICK: My understanding is the moment they disconnect it, it'll be very much in your jurisdiction. Is that how it works?

Mr Kinley: That is certainly the case, Senator. While it is a facility, the Navigation Act and the maritime laws are disappplied.

Senator PATRICK: Out of curiosity, it's laid up at the moment in terms of its survey state, but it's laid up at sea. Are you aware of any other vessels that are laid up at sea?

Mr Kinley: It's certainly not a normal thing, laid up. But if that refers to a survey status, that's probably what class they're using. From our point of view, we just have no jurisdiction whatsoever over the vessel.

Senator PATRICK: Sure. But you must be looking at it from the point of view that the moment they wish to disconnect this and bring it back to a port somewhere, you guys are in charge.

Mr Kinley: Our involvement is certainly to make sure that, when it does appear in our jurisdiction, it is in a seaworthy state and meets the international obligations that we have as Australia.

Senator PATRICK: But you will have read some of the reports that are now available in respect of the vessel. NOPSEMA did some inspections in terms of things like the rust state of tanks and all that sort of stuff. Have you got any preliminary assessment on the vessel at this point?

Mr Kinley: Not at this point. Again, as I said, we will have someone embedded with the task force.

Senator PATRICK: I think you've confirmed NOPSEMA have oversight in its current circumstance. What certificates are NOPSEMA required to have at this point in time with respect to things like MARPOL and so forth?

Mr Kinley: Again, that's a question for NOPSEMA. Our maritime legislation, the Navigation Act, is disappplied, so none of our certificates can technically legally exist.

Senator PATRICK: Okay. So you do MARPOL certificates, don't you, or make arrangements?

Mr Kinley: Yes.

Senator PATRICK: You're not responsible, in this instance, for the MARPOL certificate on *Northern Endeavour*?

I thought you issued a certificate. I've got a note here that says, 'On 26 October AMSA issued a short-term extension to MARPOL certificates to 23 January,' and my question was going to be whether or not that had been extended.

Mr Kinley: I would have to take that on notice. That's under the protection of the sea act. I'll have to check that one and come back to you, Senator.

Senator PATRICK: I'd also like to know what other certificates you may release. We've established that, I think, AMSA has at least given some certificates in relation to this vessel, this FPSO. Are there any other certificates that AMSA has provided for this vessel?

Mr Kinley: Not that I'm aware of. Certainly as it's a permanently connected FPSO, again, we don't have jurisdiction until it disconnects. Normally there are facilities that do disconnect for cyclones, which have those certificates in readiness to disconnect.

Senator PATRICK: I'm actually quite interested in this, in terms of the transition. There is a task force working on this. For everyone who may not be aware of this, the Australian taxpayer is currently paying about \$5 million a month for an FPSO to be sitting in the Timor Sea in lighthouse mode—it's laid up. It's just a government disaster, really. There's talk of this decommissioning costing the taxpayer anything up to \$1 billion. I know that's not your jurisdiction, but there's going to be a transition from NOPSEMA's control to AMSA's control. I'm just wondering about that transition process, because it can't be that they disconnect and then give you a call and say, 'Right, she's all yours.'

Mr Kinley: That's why we've been very keen to work closely with them and have somebody on the task force to advise of the international requirements that have to be met when it does disconnect. Of course, we have a keen interest, as the managers of the National Plan for Maritime Environmental Emergencies, to make sure that whatever appears in our jurisdiction when it's disconnected doesn't pose a threat to the environment or to safety.

Senator PATRICK: There's a company called Ayre Consulting that appears to have been contracted by you to do something in relation to Northern Endeavour and the disconnection. Firstly, is that correct? Secondly, what have they been engaged to do?

Mr Kinley: Not that I'm aware of, Senator.

Senator PATRICK: Okay. Anyone else?

Ms Wimmer: I don't know of that either. We can take it on notice and have a look into it, but it's not something we're familiar with.

Senator PATRICK: It may be that NOPSEMA has done something there.

Mr Kinley: It would be a surprise to me because, if that were the case, I should know.

Senator PATRICK: Thank you. In terms of that task group, you're engaged. Has the Department of Defence engaged you in any way in respect of what will happen to this vessel as it presumably gets towed from its current location to wherever it's going to go?

Mr Kinley: Did you say the Department of Defence?

Senator PATRICK: Yes. I'm just killing off rumours; that's all.

Mr Kinley: Again, not that I'm aware of. Our engagement has been with industry. We are certainly very interested in the tow and where it's going to go, but that seems to be some time off yet.

Senator PATRICK: Yes. Alright. Thank you very much. That's all I had.

CHAIR: Thanks, Senator Patrick. Senator Brown.

Senator CAROL BROWN: Thank you. There have been a number of cases of foreign-flagged ships being found by AMSA to have underpaid crew or forced them to work beyond their contracts. How many of these inspections has AMSA undertaken in the last 12 months?

Mr Kinley: It's probably easiest if I take that one on notice. I will have the information somewhere here, but—

Senator CAROL BROWN: That's fine, Mr Kinley. Could you also take it for the last five years, then?

Mr Kinley: Yes. I'm just trying to remember when the Maritime Labour Convention came into effect. Yes, five years should be fine.

Senator CAROL BROWN: Okay. If it's any different, I'm sure you'll let me know.

Mr Kinley: And your question is specifically about?

Senator CAROL BROWN: How many inspections around underpaid crew—

Mr Kinley: Okay. Our answers will be in terms of how many cases of underpaid crew we've found.

Senator CAROL BROWN: Yes, how many inspections have you found and also how many were initiated by AMSA and how many were a result of being alerted by another party, like the ITF.

Mr Kinley: Every port state control inspection we do—and there are around 3,000 a year—will have a component about the Maritime Labour Convention, and we do check records of wages being paid there.

Senator CAROL BROWN: How many inspections do you say you do? Did you say 3,000?

Mr Kinley: Port state control inspections—we do around 3,000 a year. Between 2,700 and 3,000.

Senator CAROL BROWN: They're inspections on foreign flagged vessels?

Mr Kinley: Yes.

Senator CAROL BROWN: What percentage of vessels does that equate to?

Mr Kinley: Of the ships that come into our port?

Senator CAROL BROWN: Yes.

Mr Kinley: Some of these ships do multiple port calls. I think it's around half of the ships that come into Australian ports through a year.

Senator CAROL BROWN: How many inspectors do you have?

Mr Kinley: About 50.

Senator CAROL BROWN: If you could just get me that information on notice, that would be good. So 50 inspectors—do you think that's enough to carry out Australia's obligations?

Mr Kinley: For our port state control we meet our targets, and we set our targets in our corporate plan.

Senator CAROL BROWN: Is your target 50 per cent?

Mr Kinley: We go for high-risk ships. We do a risk ranking of ships and there are target percentages for each type of ship. They're in our corporate plan. We report on that every year. We've been meeting those targets. COVID put a bit of a dent in some of our activities this year, so some of our targets are slightly under. But we produce a report on our port state control activities every year, which we can give you, and which has all of our data.

Senator CAROL BROWN: That would be good. In terms of meeting the IMO and the labour agreement obligations, is the benchmark you talked about—

Mr Kinley: Australia has a reputation, I think, of exceeding most countries.

Senator CAROL BROWN: That's what I was going to ask you. So the benchmark you talked about of 50 per cent—that exceeds what we're required to do?

Mr Kinley: The IMO or the ILO do not set a target. We do have targets under some regional agreements, one of which is the Tokyo memorandum of understanding on port state control. We meet or generally exceed the targets set for the members of those organisations.

Senator CAROL BROWN: If you could provide me with that information on notice, I'd appreciate it. Thank you.

Mr Kinley: That's fine.

CHAIR: Thanks, Senator Brown. I don't believe we have any other questions for you. Thank you very much for your attendance this evening. Please go with our thanks.

Department of Infrastructure, Transport, Regional Development and Communications

[21:34]

CHAIR: Senator Chisholm, I believe you have questions for the Cities Division.

Senator CHISHOLM: In terms of City Deals, can I ask that you table a chronology of all the meetings Minister Fletcher has had with respect to existing City Deals or proposed new City Deals since the change in ministerial arrangements?

Mr Atkinson: We could do that on notice, Senator.

Senator CHISHOLM: Has the minister met with the Cities Reference Group?

Dr Bacon: The Cities Reference Group hasn't met since Minister Fletcher has been the portfolio minister.

Senator CHISHOLM: Has anyone met with the Cities Reference Group?

Mr Atkinson: Since Minister Fletcher has become minister? Not that I'm aware.

Senator CHISHOLM: No, just in general. Do they meet regularly?

Dr Bacon: We have details of the meetings of the Cities Reference Group. It has met five times since its establishment, and the last meeting of the group was in 2019.

Senator CHISHOLM: Okay.

Dr Bacon: So it didn't meet during 2020.

Senator CHISHOLM: So it's been a while since its last meeting. When is the next meeting of the Cities Reference Group?

Dr Bacon: I think we would need to take that on notice, just to check. I'm not personally familiar with the plan for the next meeting.

Senator CHISHOLM: So there isn't one scheduled, I take it?

Dr Bacon: Not that I'm aware, Senator, but I'm happy to double-check that on notice for you.

Senator CHISHOLM: Can I ask that you table a chronology since July 2016 of all the senior executive service officers responsible for each City Deal and please include information related to the branch level, division level and deputy secretary level.

Mr Atkinson: Since 2016? Are you asking who was responsible for the Cities Division?

Senator CHISHOLM: No, responsible for each City Deal.

Mr Atkinson: For each City Deal?

Senator CHISHOLM: Yes.

Mr Atkinson: Is it possible to narrow the scope? You're asking for quite a—

Senator CHISHOLM: There haven't been that many deals.

Dr Bacon: There have been eight.

Mr Atkinson: You're asking us to track back who the SES were five years ago for each of the individual City Deals, and the cities function wasn't in this department for most of that period, or for a big chunk of it. Is there a specific thing you're—

Senator CHISHOLM: I can put it on notice if we can try and be more specific.

Mr Atkinson: A bit more specific. I'm trying to help, but that's quite a big request.

CHAIR: I think that's sensible, because otherwise they'll spend all their time answering questions on notice and then not doing the work and then, at the next budget estimates, you'll ask them why they haven't—

Senator CHISHOLM: There are no meetings scheduled, so they obviously have plenty of time.

Mr Atkinson: Senator, just to be clear, there's a big job of implementation to do.

Senator CHISHOLM: Sure.

Dr Bacon: We have deals under way as well, Senator. One of the challenges in your question is that there may be different SES who have been responsible for deals, because some of the deals have lasted over the course of several years.

Mr Atkinson: Yes, that's right.

Dr Bacon: So, as well as changing departments—

Mr Atkinson: Changing officials.

Dr Bacon: We would need to track staff movements, when people started and finished in roles. So there is quite a lot of HR data that I think we'd to access to answer your question. We could certainly very quickly give you a snapshot of the current SES who are responsible for all of the deals—both the ones currently in implementation and the ones that are currently in negotiation—if that would help you to get that status as at now.

Senator CHISHOLM: Sure, I think that would go some way. The broad base to the questioning is around concern from stakeholders regarding the engagement and consistency of the engagement from the minister and the bureaucracy around city deals. That is what we are trying to get to the bottom of.

Dr Bacon: We could certainly provide you that list of the SES officers who are actively engaged in meetings. I know that our staff travel on a very regular basis. I have staff who are out through the whole week travelling to different cities deal locations, meeting with stakeholders and checking the implementation of projects. Minister Fletcher has been certainly very active since he has come to the portfolio of engaging across a range of city deals with a range of different stakeholders. I think we have offered to take some of that on notice as well. Hopefully, that information will give you a flavour of the level of activity that is currently underway across the deals that are in implementation and are also being negotiated.

Mr Atkinson: It's also worth noting that there was phase shift for the type of consultation: it became deal specific. A lot of the consultation was on a deal-by-deal basis rather than all of it at the same time. The individual

deals, once they were announced and being negotiated, actually became a whole series of relationships around particular deals, because their natures were quite different.

Senator CHISHOLM: In relation to the departmental organisation chart of October 2020, the rail and city deal implementation branch is separated from the cities division. Why is this the case?

Dr Bacon: I am just wondering if that is Western Sydney. I wonder if rail implementation is associated with the Western Sydney function.

Mr Atkinson: It was Western Sydney.

Dr Bacon: Yes. The organisational structure at that time was that the Western Sydney city deal was being delivered within the Western Sydney unit. Since that time, and I think the secretary might have mentioned this—

Mr Atkinson: It was in major transport and infrastructure at that point.

Dr Bacon: That's right. So now that function is sitting within the cities division.

Senator CHISHOLM: It has moved since this?

Dr Bacon: Yes.

Mr Atkinson: I addressed the new organisational structure piece in my opening statement this morning.

Senator CHISHOLM: Has the position of the cities division head been filled or is it still an acting role?

Dr Bacon: We can introduce Mr Mackay, who is the first assistant secretary of the cities division.

Senator CHISHOLM: I will now move to the Launceston city deal.

Senator CAROL BROWN: We want to ask some questions around the delivery of the Tamar estuary river health action plan. Has the \$49 million been delivered?

Mr Stankevicius: We had quite a lot of work to scope out the contribution that the Australian government was making to a much broader project in relation to the stormwater and waste management system in Launceston. That was completed last year. So now we are moving very quickly ahead in relation to the majority of that money. Of that, \$1.5 million was delivered much earlier and that involved NRM North delivering—

Senator CAROL BROWN: When you say it was delivered, you are talking about the action plan be completed; is that correct?

Mr Stankevicius: No. I am saying that the significant part of the Australian government's investment is, as part of the action plan, going to separating the wastewater and stormwater system that currently exists in Launceston.

Senator CAROL BROWN: So work has started on the ground? Is that what you're telling me?

Mr Stankevicius: Work has started on the ground.

Senator CAROL BROWN: How much of that Commonwealth government money has been delivered? Just the \$8.8 million—is that right?

Mr Stankevicius: Correct.

Senator CAROL BROWN: When did it actually commence, and when do you think it'll be completed? When did work actually commence?

Mr Stankevicius: There are two components to this one. The first is the \$1.5 million that went to NRM North, which was to protect active waterways from cows wandering into them. They have done, over the past year and a half, an extensive amount of work: 170 kilometres of fencing. Senator, I don't know if you know that when cows walk through running water they immediately release their bowels. That was a significant contributor to pollution in the Tamar. The downstream impacts of that, with quite a number of dairy systems up and down the feeder streams into the Tamar, were contributing quite a lot. So that's been a really significant piece of work that NRM North has delivered for us.

The second part of the contribution from the Australian government was to deliver a better way of managing the combined sewerage and stormwater system in Launceston. That scope of work has ended up being a lot bigger than just the Australian and Tasmanian governments' investment. We had to work very closely with both TasWater and the Launceston City Council to get further investment from them, and that's now a project worth a combined \$140 million. That's the one that started towards the end of last calendar year and is now rolling out.

Senator CAROL BROWN: So that's where they've identified the 29 sewage intrusions?

Mr Stankevicius: Yes, that's the one.

Senator CAROL BROWN: The work has commenced?

Mr Stankevicius: Yes, certainly. They've sent a camera down and they've found quite a number of those. They've already fixed, I think, about 10 of those.

Senator CAROL BROWN: When will that all be completed?

Mr Stankevicius: I think we're looking at about two or three—actually, no. It's probably going to take four or five years.

Senator CAROL BROWN: Really? But out of the 29 they've already picked—did you say 10?

Mr Stankevicius: Yes. They're relatively small compared to the very significant work. It's \$140 million, so it's going to be quite significant system works.

Senator CAROL BROWN: Okay. On notice, can you provide me with some detail around the urban infrastructure upgrade?

Mr Stankevicius: Yes, absolutely.

Senator CAROL BROWN: I think I'll put some of these other questions on notice.

Mr Stankevicius: Sure.

Senator CAROL BROWN: But can you give me a quick update on what's happening with the Albert Hall redevelopment?

Mr Stankevicius: That's being delivered through a community development grant project. As I understand, the paperwork has all been provided and it's currently undergoing assessment and should be moving ahead very quickly.

Senator CAROL BROWN: When will it be completed? When will the funding agreement be finalised?

Mr Stankevicius: I'll take that on notice. The last I heard was that it was very, very close. It may be just some finalisation documentation that we're waiting for, but I'll definitely take that on notice and get back to you.

Senator CAROL BROWN: Okay. I just want to quickly ask some questions about the Hobart City Deal.

Mr Stankevicius: Sure.

Senator CAROL BROWN: When will we be having the fifth lane on the Southern Outlet?

Mr Stankevicius: That's a question for our infrastructure investment colleagues, but I'll take that on notice and come back to you, Senator.

Senator CAROL BROWN: Why is that a question for them? Can't you help me?

Mr Stankevicius: Those infrastructure works are IID responsibilities.

Senator CAROL BROWN: It's a part of the Hobart City Deal, isn't it?

Mr Stankevicius: Yes. But, particularly in terms of Hobart, Cities Division is responsible for a small component of the deal. We are a coordinator for a range of other Australian government departments, as well as different divisions within our own department.

Senator CAROL BROWN: Exactly what are you coordinating in the city deal?

Mr Stankevicius: We coordinate the implementation board and the progress report, and we're also responsible for the Antarctic and Science Precinct business case work.

Senator CAROL BROWN: So I have to ask in a different committee about all the other stuff? You do not get updates about it?

Mr Stankevicius: We do get updates every, I think, three or four months. But, in order for you to get the best information, I can take the questions on notice and get it to you.

Senator CAROL BROWN: Okay. On notice, I will be asking for the latest update about it—

Mr Stankevicius: Sure.

Senator CAROL BROWN: because there doesn't actually seem to be much happening in the Hobart City Deal.

Mr Stankevicius: The progress report was released a few weeks ago. We can definitely provide you with a copy of that or a link to it on our website, if that would help.

Senator CAROL BROWN: That might be good. Are you saying that you're responsible for the establishment of the Antarctic and Science Precinct?

Mr Stankevicius: For the business case work around the development of the precinct, absolutely.

Senator CAROL BROWN: Exactly what is proposed to move up to Macquarie Point? What exactly is the business case developed for what—the state-of-the-art Antarctic and Science Precinct?

Mr Stankevicius: We did a strategic options assessment last year. That was to consider who would be the best anchor tenants for an Antarctic and Science Precinct at Macquarie Point. That was basically looking at the current CSIRO footpath, the current Australian Antarctic Division footprint, and the facilities of the Institute of Marine and Antarctic Studies at UTAS. That concluded that either one or a mix of those would make prospective tenants. We'll be soon be moving into a detailed business case to work out exactly what the costs of those options would be versus the current state of those institutions.

Senator CAROL BROWN: So is the proposal depending on who is chosen or what mix is chosen?

Mr Stankevicius: Yes.

Senator CAROL BROWN: Does that mean that they will be moved entirely from where they're currently located up to Macquarie Point?

Mr Stankevicius: In relation to the Australian Antarctic Division, for example, their current facility has both office, lab and heavy machining. They bring a lot of their equipment back from Antarctica and then they remachine it and send it back down. Obviously that kind of work is probably not appropriate for Macquarie Point. So as part of the detailed business case assessment there would be a working out of what would best work with a very high-value location like Macquarie Point, and what might go somewhere else or stay in place. That's the detailed business case process looking at that; and then what that would cost the Australian government to take that precinct and that model forward.

Senator CAROL BROWN: It is just that every single organisation that you mentioned have got bespoke premises—CSIRO, Antarctic Division, IMAS—

Mr Stankevicius: They do, you're exactly right. IMAS currently has facilities down there on Battery Point just across from Salamanca Place, as I'm sure you're aware, where the other two organisations currently co-share some lab space. CSIRO and AAD co-share lab space with IMAS as part of a number of research grants that they work on together.

Senator CAROL BROWN: When is this going to be finalised?

Mr Stankevicius: We're hoping that it will be finalised in the next six months.

Senator CAROL BROWN: And then what happens with that?

Mr Stankevicius: Then it goes to government for consideration as to who and how we move forward.

Senator CAROL BROWN: And we'll find out once the government has made a decision.

Mr Stankevicius: Absolutely.

Senator CAROL BROWN: That's not satisfactory. Can't we find out before that?

Mr Stankevicius: We want to be very sure, obviously, with the detailed business case, as to what the impact and the implications are for those organisations.

Senator CAROL BROWN: But as part of your reporting you speak to those organisations, obviously, and the Tasmanian government.

Mr Stankevicius: On a regular basis.

Senator CAROL BROWN: That would include local government as well.

Mr Stankevicius: Absolutely. I was down in Hobart three weeks ago meeting with the four councils and the Tasmanian Government.

Senator CAROL BROWN: I can't imagine the Kingborough Council being too happy if you take out a lot of their people from the Antarctic Division, which is in Kingborough.

Mr Stankevicius: Absolutely. As part of the early discussions in developing the deal for signature there was a commitment by the Tasmanian government to ensure that the economic footprint and the employment footprint, should AAD move, would be replaced by Tasmanian government employees.

Senator CAROL BROWN: Does that mean we're really only looking at the other two, then?

Mr Stankevicius: It means the economic footprint.

Senator CAROL BROWN: I understand.

Mr Stankevicius: If AAD does move, then the Tasmanian government will replace that economic footprint in Kingston with employees from the Tasmanian government.

Senator CAROL BROWN: Oh, really?

Mr Stankevicius: Yes. That was the commitment in the original city deal document.

CHAIR: Thanks, Senator Brown. Senator Chisholm.

Senator CHISHOLM: I have a few more on City Deals. Going to Townsville, with regard to the water pipeline project there, the Queensland government took over the funding of that project in August last year. That leaves \$195 million of the money the federal government had committed to spend on Townsville that is no longer needed. Has the government made any announcements about how that will be spent?

Dr Bacon: I might ask my colleague Ms Forbes to come to the table. She's been working directly with all of our partners on the Townsville City Deal. While Ms Forbes is coming to the table, I'll address your question about what commitments the Commonwealth government has made in relation to the \$195 million that was reallocated from the Haughton Pipeline Project stage 2. The government has made a public commitment that the \$195 million will remain in Townsville.

Senator CHISHOLM: What consultations has the minister or the department had with the Townsville City Council and the Queensland state government regarding that money?

Dr Bacon: I will hand to Ms Forbes, who's been having one of those conversations.

Ms Forbes: There has been an ongoing dialogue, within the governance framework of the city deal, with the Townsville City Council as well as the Queensland government. There are currently 10 projects that have been suggested, coming forward. The total sum of all of them is over \$400 million. Those projects have come from various groups, including Taskforce NQ, which was Townsville City Council's COVID-response committee, and directly from the council itself. Also, the local member had developed an advisory committee and worked up a number of ideas with that group, and a number of project ideas had come forward from that group.

Senator CHISHOLM: Has any consideration been given to funding the Lansdown Eco-Industrial Precinct?

Ms Forbes: Lansdown is one of 10 the projects that have been put forward.

Senator CHISHOLM: Thanks for that. I should have asked this question before, because it's about the Victorian city deals, but it's pretty general. I'm looking for an update on the status of the north-west Melbourne and south-east Melbourne city deals. Do you have any target dates, for example?

Dr Bacon: I might refer to my colleague Mr Mackay on those questions.

Mr Mackay: The memorandum of understanding signed between the Commonwealth and the Victorian government had three deals set out in it. The first priority was to develop a city deal for Geelong, with a strategy for future Melbourne city deals to follow. We have been in contact with Victorian officials in relation to those Melbourne deals since last—

Mr Stankevicius: Probably November last year.

Mr Mackay: Thank you.

Senator CHISHOLM: Are there any prospective dates in terms of looking to have negotiations settled or any timetables that you're working towards?

Mr Mackay: Broadly, I think we're working to have the north-west Melbourne deal settled within this calendar year.

Senator CHISHOLM: And south-east Melbourne?

Mr Mackay: South-east Melbourne would follow after the north-west Melbourne deal.

Senator CHISHOLM: Thanks, Chair.

CHAIR: Thank you very much, Senator Chisholm. As there are no further questions for Cities division, please go with our thanks. Could we now have the North Queensland Water Infrastructure Authority, please.

North Queensland Water Infrastructure Authority

[21:59]

CHAIR: Welcome, Mr McLoughlin. You're a long way from where I saw you last, in North Queensland.

Mr McLoughlin: I don't know whether it's good to be back here. I'd rather be there, I think.

CHAIR: I know, indeed. Senator Canavan, do you have questions for the North Queensland Water Infrastructure Authority?

Senator CANAVAN: I want to ask some questions about the GHD Hells Gates Dam-Webb Lake transfer report. I notice in the summary that's up on your website that you talk about a \$4.5 billion capital cost and \$53 million per year. Did GHD come up with a figure per megalitre for the transfer of that water?

Mr McLoughlin: I'll have to take on notice. I'm sure the calculation was done, but it depends to a large extent on how much water would be available from a Hells Gates Dam, if it was built, and what the size of that dam would be and what the yield from it would be. My colleague, Mr Squire, has just reminded me that there was an assumption made that, if the Hells Gates Dam was built to the size that was proposed in the feasibility study for Hells Gates Dam a couple of years ago, that would be 700,000 megalitres or thereabouts, and it was a simple calculation from there about dollars per meg. But it's still pretty speculative about the size of the dam, what its yield would be and the like.

Senator CANAVAN: It is a relatively simple calculation, but I suppose you've got to make assumptions over the capex, in particular, and over how long you depreciate that and what have you. Could you take that on notice? If you have to provide different scenarios, in terms of the amount of water used, that's fine. Basically, what I'm asking for is per megalitre to recover both capex and opex over the life of the project. Was the 700,000 megalitres the entire yield of the Hells Gates Dam?

Mr McLoughlin: No, it was the estimated yield after taking into account environmental flow requirements.

Senator CANAVAN: Right. But there wouldn't have been other water left over to irrigate in the upper Burdekin under that scenario?

Mr McLoughlin: Correct, as was spelled out in that report.

Senator CANAVAN: I haven't had a chance to look through the report in detail. Were there scenarios in that report done for less than 700,000 megalitres, or is it the only one that was modelled?

Mr McLoughlin: Yes, there were.

Senator CANAVAN: They'll be included, presumably, in the answer to that previous question.

Mr McLoughlin: Correct.

Senator CANAVAN: You say on your website that the water transfer to Webb Lake would negatively impact the irrigation opportunity on the upper Burdekin River. You've mentioned that, but is there still an approach where you could divert water to Webb Lake and still have significant irrigation in the upper Burdekin?

Mr McLoughlin: From memory of that report, which was the best part of two years ago, the answer is no. Contrary to many local beliefs in from that area, there isn't enough water in the upper Burdekin River at that point to provide for a gravity-fed irrigation system in that early downstream of the dam and transfer water as far south as that Webb Lake area, so it does become a judgement call around where your most effective and efficient use of water is. Typically, in water management, you always use the water closest to where you have it, as opposed to transporting it long distances. In that case, while we made no assumptions or projections about what would be more cost effective, on the basis that this was a proposal that goes back many decades, in fact, to take water from Hells Gates down to that area south-east of Charters Towers, the answer is: sure, it's technically feasible. Is it affordable? We now have a cost on that.

Senator CANAVAN: Yes. But that is just based on the size and the design of the dam in the feasibility study.

Mr McLoughlin: Correct, yes.

Senator CANAVAN: I suppose others do suggest that maybe the dam could be bigger.

Mr McLoughlin: That's right.

Senator CANAVAN: You haven't modelled that or calculated that; that's fine. Could you provide an update on where Hells Gates is up to at the moment?

Mr McLoughlin: The project team is being managed by Townsville Enterprise Ltd in Townsville. The reference design of the dam, weirs and irrigation systems has commenced. The Environment Protection and Biodiversity Conservation Act submission has been provided to the Australian government for the project. The project is also awaiting the environmental impact statement terms of reference from the Queensland Coordinator-General. Also, as part of the broader Hells Gates project, we have completed the business case for construction of Big Rocks Weir. That was completed in August last year, and provided to the state and Commonwealth governments. There's a separate set of information there I can provide if you wish. We've also completed a feasibility study for a pumped hydro system that would be an adjunct to the Hells Gate Dam system. That pumped hydro feasibility report, somewhat to our surprise, I'd have to say, showed that there was potentially a very viable project there, and that feasibility study has now been forwarded on to the energy portfolio for consideration.

Senator CANAVAN: I did want to ask about Big Rocks Weir, so we might as well go there. You have finalised the business case? I think your website says it has a strong positive economic outcome. What's the status of that now? What needs to happen from now to get that built? I think we have committed money to it, haven't we?

Mr McLoughlin: We have. The business case estimated that the weir could be built for around \$50 million, plus 20 per cent—\$10 million further for contingency. So that's a \$60 million total budget. The Australian government committed \$30 million in late 2018. In September last year, Premier Palaszczuk indicated Queensland would provide up to \$30 million to co-fund, on a dollar-for-dollar basis. So that was good news. We're now working with the Queensland government to settle issues concerning the final weir design, the proponent and future asset and water ownership. Charters Towers council has put its hand up to be the proponent for the project. We have funding committed by both state and federal governments. We're in that transition phase between business case with a reference design, through to a final design, final approvals and the like. That might take it some time through to 2021. That's where we are.

Senator CANAVAN: So you're hoping to move to construction next year—or your final design?

Mr McLoughlin: We're certainly working on getting construction underway as soon as possible in 2022, and preferably this year if we can.

Senator CANAVAN: Has the Queensland government put forward any suggestion that it, or any of its agencies, such as Sunwater, would own the asset? Or is it settled that the Charters Towers Regional Council will own the asset?

Mr McLoughlin: There was an initial proposal from the Queensland government with, in fact, some options around joint ownership between Sunwater and Charters Towers council or Sunwater only. Those were bounced around a bit. Charters Towers council argued strongly that it already has a weir that it owns and manages, so it could certainly own and manage this one as well in conjunction with its existing weir. I understand the final government decision is that Charters Towers council will be the proponent.

Senator CANAVAN: Just to clarify, that's the final Queensland government decision?

Mr McLoughlin: Yes, as I understand it, that's the Queensland government decision. But I think there is some wording in there along the lines that Sunwater will be a partner for Charters Towers council in the construction process, or some such words.

Senator CHISHOLM: When would you expect it to be completed?

Mr McLoughlin: The advice I have is that if they could start very early in the calendar year, immediately after the wet season, with all approvals in place, it could be completed in one year.

Senator CHISHOLM: On some staffing issues, is the agency funded beyond the 2021-22 financial year? If so, how much in each of the years in the forward estimates?

Mr McLoughlin: The answer to your first question is yes, we are funded beyond the 2021-22 financial year. Our funding ceases at the end of the 2022-23 financial year. Our budget in 2021-22 is \$3.321 million and in 2022-23 is \$2.320 million.

Senator CHISHOLM: How many employees does the agency have, by headcount and full-time equivalent?

Mr McLoughlin: By headcount, we have four Canberra based and three Townsville based staff. They're not full-time staff. In terms of full-time equivalence, we have just under three in Canberra and 2½ in Townsville.

Senator CHISHOLM: Are you expecting this ratio to change over the course of the next couple of years?

Mr McLoughlin: That could well change. Largely, our role has been to manage the delivery of projects through consultants. That requires a limited number of people. As we take on projects, we'll put more staff on. For example, once we settle agreements on construction for Big Rocks Weir, it's almost certain we'll put an additional staff member on to act as a liaison and project support for that project. At the moment, in the phase of overseeing the work of consultants, the agency requires few people but specialised expertise.

Senator CHISHOLM: Is your chief scientist an employee, an independent contractor or engaged in some other form?

Mr McLoughlin: We have a person employed, nominally one day a week, in a chief scientist role. He is an employee.

Senator CHISHOLM: So he's a casual employee working one day a week?

Mr McLoughlin: Yes. So, if we need him for three days in one week, for example, or for 10 days, we just pay the additional funds, depending on the work required.

Senator CHISHOLM: Did the chief scientist provide any services to the agency while he was still working for the CSIRO?

Mr McLoughlin: No.

Senator CHISHOLM: I noticed the chief scientist's contract was procured by a limited tender. What was the reason for using a limited tender rather than an open tender?

Mr McLoughlin: The reason was the degree of specialty that particular employee brought to that position, as a ex-science-director for the Land and Water division of CSIRO who had worked in northern Australia and, in particular, that part of the world. There are very few people with that level of skill and experience around.

Senator CHISHOLM: How did the government come to the decision to assign an additional project to the agency in May last year to investigate further potential irrigation opportunities in the Upper Burdekin basin—effectively the Bradfield scheme?

Mr McLoughlin: The background to that is that, after the 1930s and the Bradfield proposals, which, in turn, were amended, there was further work done by the Queensland government in the 1960s and then again in the 1980s. There were quite a number of proposals for shifting water from eastward-flowing rivers in North Queensland across to the west, including the Bradfield proposals, as we are doing with the Hells Gates Dam project. All of those historical proposals for shifting water out to northern and western Queensland relied on the construction of a large Hells Gates Dam. Since the last technical review of all of those proposals was in the early 1980s—and here we are nearly 40 years on with an extraordinary amount of new knowledge, techniques and technology that can bring to bear—in conjunction with the delivery of the Hells Gates Dam business case, the minister, working closely with our colleagues in the National Water Grid Authority, commissioned a project to do, essentially, a 40-year technical review of all of those previous proposals, using all the latest data, techniques and technologies available to us, and running it in parallel with the Hells Gates Dam project.

Senator CHISHOLM: Is this the Western Queensland Irrigation and Agriculture Scheme Assessment project?

Mr McLoughlin: Correct, yes.

Senator CHISHOLM: What's the total amount expected to be spent on this project?

Mr McLoughlin: It's a \$3 million budget. It's a desktop analysis, in large part.

Senator CHISHOLM: That was the tender that GHD won. Is that correct?

Mr McLoughlin: Correct.

Senator CHISHOLM: Is this project considering the cost of the Bradfield scheme?

Mr McLoughlin: It's not specifically focused on the Bradfield scheme at all. It's focused on all of the proposals over the last 80 or 90 years that have looked at the potential for irrigation developments, essentially from Charters Towers west, and to the north-west and the south as well. It's doing new maps of all of the soils. It's doing water balances because of the fact that there are now water plans in all of the rivers that would potentially provide the water. So it's looking at the hydrology, the soils and what infrastructure would be required to shift water across. It's not specifically focused on Bradfield. It's looking at what the potential is for irrigation developments.

Senator CHISHOLM: Is it considering the potential productivity gains of this scheme and whether they outweigh the likely costs?

Mr McLoughlin: Yes, it will look at the economics.

Senator CHISHOLM: Will it look at the ecological impact of the scheme, if implemented?

Mr McLoughlin: Yes.

Senator CHISHOLM: Would the scheme, if constructed, be consistent with the National Water Initiative?

Mr McLoughlin: Yes, it would be consistent with the National Water Initiative. Everything we do—dictated by me, in fact—must be. It would look at the cost effectiveness of shifting water across. We're talking very big infrastructure here, and many hundreds of kilometres of water would have to be moved. Costs of the infrastructure and the opportunity costs of doing that when you might use the water closer to its source and all of those things will be investigated.

Senator CHISHOLM: On some other projects, did the \$2 billion increase in funding for the National Water Infrastructure Development Fund in the budget last year lead to an increase in funding available for the agency's projects?

Mr McLoughlin: I might ask my colleague here to chip in as well.

Mr McRandle: We manage the National Water Infrastructure Development Fund inside the department. Mr McLoughlin's agency is a separate agency. They are undertaking studies for business cases and so on, as you've heard. We manage the National Water Infrastructure Development Fund through our national partnership arrangement with the state government. Any capital funding around the national partnership agreement that comes from Mr McLoughlin's projects will come to us for signature. Big Rocks is a case, but, in terms of other capital projects, it'll depend on where the business case gets to.

Senator CHISHOLM: What is the progress of the Hells Gates Dam business case? When will that be completed?

Mr McLoughlin: It'll be completed in the first quarter of next year—2022.

Senator CHISHOLM: How much money has been allocated to Hells Gates Dam?

Mr McLoughlin: The dam itself or the business case?

Senator CHISHOLM: Both.

Mr McLoughlin: For the business case, \$24 million in total, including the subprojects of Big Rocks Weir and the pumped hydro scheme. In terms of capital allocation for the dam itself, zero.

Senator CHISHOLM: Zero?

Mr McLoughlin: Yes—as yet.

Senator CHISHOLM: Is there a separate part of that \$24 million that's been allocated to Big Rocks Weir and the hydro, or is it just one pot?

Mr McLoughlin: The \$24 million was for the main project—Hells Gates Dam and its irrigation areas—and the two subprojects, being Big Rocks Weir and the pumped hydro scheme. That was all wrapped up in the \$24 million.

Senator CHISHOLM: So, within that \$24 million, there's no separate allocation for those other projects?

Mr McLoughlin: No. There is a separate allocation of up to \$30 million for capital works for Big Rocks Weir, but that is yet to be committed.

Senator CHISHOLM: The agency commissioned GHD to do a concept review and cost estimate update of a previously analysed element of the proposed Bradfield Scheme involving the large-scale diversion of water from the potential Hells Gates Dam on the Upper Burdekin River south to an assumed terminal storage in the immediate environs of Webb Lake. What action has the government taken in response to the report of this review and the cost estimate in the update?

Mr McLoughlin: That was largely one of the questions that Senator Canavan asked earlier. The answer is that the work has now been done to provide a cost estimate of that option that was raised in the 1984 Queensland state government work—I think it was 1984. If I'm wrong, I'm happy to correct it later. It was to provide an update on the costings and the potential routes of a pipeline and channel system. That's now been done. We're holding that as a piece of evidence on the table as we complete the work on Hells Gates Dam.

Senator CHISHOLM: Do you expect that this is a project that will happen?

Mr McLoughlin: That would be a matter for government about whether they believe the cost effective of that would be worth—

Mr McRandle: To add to that, as Mr McLoughlin mentioned in relation to Senator Canavan's questions, that Web Lake transfer is contingent on what scale of dam is ultimately built at Hells Gates. So consider that study as an input but subject to decisions that might be made post the business case of Hells Gates.

Senator CHISHOLM: Would you expect that a large agricultural zone be created around Web Lake as a result if that project were to go ahead?

Mr McLoughlin: I guess it would have to be, if that was the option. But, as I explained to Senator Canavan earlier, what has come out of the work and the reason that you do these things is that in the current proposal there is not enough water in the Upper Burdekin River for an irrigation area below the Hells Gates Dam itself on the Burdekin flood plain, which would be largely gravity fed as well as shift a huge volume of water down to the area near Web Lake. It's an either/or thing. It doesn't matter how big the infrastructure is—as you would be aware; it doesn't make it rain any more—so given that the Webb Lake transfer was one of the options in one of the Bradfield scheme variants, it would take all of the water that a Hells Gate dam could provide to shift down there. Alternatively, and we now know the cost of what that would be—it is large—and what is being investigated in the current project is that you irrigate some regions on the Burdekin River flood plain downstream from the dam,

which much closer and more aligned with transport, telecommunications and energy and all that sort of stuff. I think the economics will determine this rather than the engineering.

Senator CHISHOLM: Has any analysis been done in relation to the ecological impact of such a diversion to the Webb Lake and surrounding area?

Mr McLoughlin: No, we haven't. But given that this was essentially an engineering cost assessment, for any proposal where you wanted to consider building it, you would have to go to a full business case and that would include a full ecological assessment.

Senator CHISHOLM: What is the progress of the detailed business case for the Hughenden Irrigation Project and is it still expected towards the end of this year?

Mr McLoughlin: The project commenced in November last year. The authority is confident that by mid 2021 we will have a working draft of the final report and the business case completion in late 2021 is on track.

Senator CHISHOLM: The agency commissioned Innovative Groundwater Solutions to undertake an independent evaluation of the sustainable extraction limits of the resource located under Glendalough Station, north-west of Hughenden. The purpose of the assessment was to better understand the scale of water availability at Glendalough and the potential to support the development of Hughenden Irrigation Project. In that regard, are the report's findings being incorporated into the business case?

Mr McLoughlin: Yes, they are and also incorporated into the planning work by Flinders Shire council for its 15 mile irrigation scheme, which would be contiguous to the Hughenden scheme if it went ahead.

Senator CHISHOLM: Will the business case assume that any take from under Glendalough will be consistent with the sustainable extraction findings of the Innovative Groundwater Solutions report?

Mr McLoughlin: Queensland regulates the take of groundwater and we have made that report freely available to any Queensland agency or officer who has asked for it, and it's on our website. I would expect that Queensland water regulators and officials would use that report as they see fit to condition any take licenses.

Senator CHISHOLM: Is the business case proceeding on the basis that no more than 2,300 megalitres per year would be extracted from the resource located under Glendalough Station, given that it is the high confidence sustainable extraction figure in the Innovative Groundwater Solutions report?

Mr McLoughlin: I am not aware of any proposal to take groundwater from that area other than what the existing owners of Glendalough Station are entitled to take with their licenses. The issue was whether with two contiguous proposed irrigation schemes, one that is currently being developed—the Flinders Shire council one—plus Hughenden, and given the climate there of a wet season and an extended very dry, dry season, we are all interested in the potential for a managed aquifer recharge project in that region and that looked like the most prospective area based on existing groundwater use. We were quite happy to invest a relatively small amount of money to provide some certainty for all the parties as we moved forward to thinking about what our options might be for a sustainable irrigation area there. But the only irrigation underway from groundwater that I am aware of is from the entitlements held by the current station owner.

Senator CHISHOLM: Have there been any negotiations or discussions with the station owner in relation to any extraction?

Mr McLoughlin: Yes. We visited the property. We spoke to them at length. He was quite interested in what we were up to. He was quite supportive of the idea of doing further research on the capability of that particular aquifer and, as it turned out, it wasn't nearly as big or as capable an aquifer as we had all hoped. That's why you do the research.

Senator CHISHOLM: So it's just a general discussion—would you summarise it like that?

Mr McLoughlin: Yes, that's right. We certainly didn't want to undertake any work without him knowing what we were doing and being comfortable with it.

Senator CHISHOLM: Thanks, Chair.

CHAIR: Thanks, Senator Chisholm. I don't think we have any more questions for you, despite the fact that you have the most interesting part of the department, of course. Thank you very much for your time.

Mr McLoughlin: Thank you, Senator.

CHAIR: That concludes today's proceedings. The committee is due to recommence its examination of the additional budget estimates on Tuesday 23 March. I thank Ministers Duniam, Cash and Colbeck, officers of the Department of Infrastructure, Transport, Regional Development and Communications, and all witnesses who

have given evidence to the committee today. Thank you also, most sincerely, to Hansard, Broadcasting, and the secretariat.

Committee adjourned at 22:25